



FEASIBILITY STUDY

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# Proposed Full-Service Hotel

MURRIETA, CALIFORNIA

**SUBMITTED TO:**

Mr. Scott Agajanian  
City of Murrieta Economic Development  
Department  
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Murrieta, California 92562

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**PREPARED BY:**

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May 11, 2022

Mr. Scott Agajanian  
City of Murrieta Economic Development Department  
1 Town Square  
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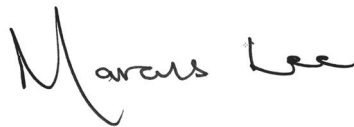
Re: Proposed Full-Service Hotel  
Murrieta, California  
HVS Reference: 2022020581

Dear Mr. Agajanian:

Pursuant to your request, we herewith submit our feasibility study pertaining to the above-captioned property. We have inspected the real estate and analyzed the hotel market conditions in the Murrieta, California, area. We have studied the proposed project, and the results of our fieldwork and analysis are presented in this report. We have also reviewed the proposed improvements for this site. Our report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,  
TS Worldwide, LLC



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# 1. Executive Summary

## Subject of the Feasibility Study

The City of Murrieta represents an opportunity for potential hotel investors. HVS is conducting this study to determine the feasibility of developing a hotel in Murrieta.

At the request of the client, this analysis assumes the development of an upscale or upper-upscale, full-service property. For the purposes of this study, we anticipate the hotel will open on January 1, 2025, will feature 180 rooms, and amenities typical of a full-service hotel such as a restaurant and lobby lounge, 10,800 square feet of meeting and event space, an outdoor pool and whirlpool, a fitness room, a lobby workstation, a market pantry, a guest laundry room, and an outdoor patio and fire pit. The hotel should also contain the appropriate parking capacity and all necessary back-of-the-house space.

At the time of this study, a particular site had yet to be selected for development; however, the City of Murrieta's Economic Development Office has earmarked several areas and sites primed for development within the city. These sites are privately owned. The City plans to work with a potential developer in facilitating the acquisition of a suitable site for this proposed hotel development. Based on our conversations with representatives of the Economic Development Office, these sites are located adjacent to retail centers and along major thoroughfares. A summary of these potential development sites are illustrated further throughout this report.

## Pertinent Dates

The effective date of the report is May 11, 2022. The potential subject sites were inspected by Marcus R. Lee on March 24, 2022 and by Luigi Major, MAI, on April 8, 2022.

## Global Considerations

The hospitality industry has been, and continues to be, affected by a variety of external factors that influence both the lodging and the investment markets. The following paragraphs outline the global factors that are the most impactful to the lodging industry as of the effective date of this report.

The COVID-19 pandemic began in early 2020 and has had a significant impact throughout the world and on the respective economies. The onset of the pandemic resulted in decreased business activity, causing widespread economic hardships, including increases in unemployment. The hospitality industry was severely affected, as travel declined sharply and restrictions on group sizes resulted in the cancellations of meetings, conventions, and events. The depth and duration of this impact was influenced by the course of the pandemic and the nature and extent of restrictions on business and travel activity. In most areas, the period of greatest

impact was 2020. With the availability of vaccines and lifting of restrictions, conditions generally improved in 2021, although the Omicron variant slowed the recovery in the latter part of the year. While the emergence of other variants may influence the pace of the recovery, the prevailing market outlook is that the peak impact of the pandemic on the travel industry is behind us. The U.S. economy is recovering, and demand is anticipated to continue to strengthen. Our market research reflects a general expectation that the U.S. lodging market will recover to 2019 levels by 2023/24; the timing and pace of recovery for individual markets will vary based on market-specific characteristics and conditions.

The ongoing Russian invasion of Ukraine and the resulting war has given rise to widespread economic and political uncertainty. In response to the conflict, international travel has declined, with both inbound and outbound traffic dropping sharply. Leisure demand in the United States is expected to remain strong, as concerns about international destinations deter travel, particularly to Europe. Gateway lodging markets are anticipated to experience the largest degree of impact. However, the greatest economic impact is likely to result from the sanctions imposed by the United States and other countries on Russia and the resulting increase in energy prices and other costs of goods. Furthermore, logistical limitations on exports from Ukraine may also affect the global supply chain and prices. These conditions are expected to remain in place until the conflict is resolved and/or sanctions are lifted, or the degree of uncertainty diminishes.

Exacerbated by rising oil and natural gas prices in the wake of the Russia-Ukraine conflict, the inflationary trends that first emerged during the pandemic have continued. Driven by supply-chain disruptions and pent-up consumer demand during the pandemic, prices for most goods and services are increasing. Higher fuel costs may affect both vehicle and air travel costs, which could in turn impact travel and lodging demand. As of the current date, inflation levels are expected to remain elevated in the near term. Over the longer term, inflation is anticipated to moderate back to more normalized levels once supply disruptions resolve and as consumer spending and investment slow following interest-rate hikes.

In preparing this report, we have considered the impact of these factors on the lodging and investment markets to the best of our ability, inclusive of the subject of this report. However, our analysis only considers what is known at the time of the effective date of the report, and there is a high degree of uncertainty currently influencing the market and the economy.

#### **Ownership, Franchise, and Management Assumptions**

At the time of this study, a particular site had yet to be selected for development; however, the City of Murrieta's Economic Development Office has earmarked several areas and sites primed for development within the city. These sites are privately owned. The City plans to work with a potential developer in facilitating the

acquisition of a suitable site for this proposed hotel development. Based on our conversations with representatives of the Economic Development Office, these sites are located adjacent to retail centers and along major thoroughfares. A summary of these potential development sites is provided throughout this report.

We assume that the proposed hotel will be managed by a professional hotel-operating company, with fees deducted at rates consistent with current market standards. Our projections reflect a total management fee of 3.0% of total revenues.

We recommend that the proposed subject hotel operate as an upscale or upper-upscale, full-service property. Accordingly, we have assumed a market-average franchise fee for a national, full-service hotel affiliation throughout the forecast period.

The following tables presents typical national brands available within the full-service chain scale as well as typical franchise costs associated with the individual affiliations. At present, there are no full-service hotel brands represented in Murrieta.

**FIGURE 1-1 FULL-SERVICE BRANDS**

	Marriott	Hilton	InterContinental Hotel Group	Hyatt	Wyndham
<b>Full-Service</b>	Marriott Delta Hotels & Resorts Renaissance Westin Hotels & Resorts Le Meridien Autograph Collection Tribute Portfolio Sheraton	Hilton Curio Collection by Hilton DoubleTree by Hilton Embassy Suites by Hilton Tapestry Collection by Hilton	Holiday Inn Crowne Plaza Kimpton	Hyatt Hyatt Centric Hyatt Regency The Unbound Collection by Hyatt	Wyndham Planet Hollywood Dolce by Wyndham

**FIGURE 1-2 SUMMARY OF FRANCHISE FEE OPTIONS**

Franchise Name	Rooms	F&B	Marketing	Total
Canopy by Hilton	5.00%		4.00%	9.00%
Crowne Plaza	5.00%		3.00%	8.00%
Delta Hotels & Resorts	5.00%		3.50%	8.50%
DoubleTree by Hilton	5.00%		4.00%	9.00%
Hilton	5.00%	3.00%	4.00%	12.00%
Hyatt	6.00%	3.00%	0.00%	9.00%
Marriott	5.00%	3.00%	1.00%	9.00%
Sheraton	6.00%	2.00%	1.00%	9.00%
Tribute Portfolio by Marriott	5.00%		3.50%	8.50%
Westin Hotels & Resorts	7.00%	3.00%	1.33%	11.33%
Wyndham	5.00%		3.00%	8.00%

### Summary of Hotel Market Trends

As there are a limited number of full-service hotels within the Temecula-Murrieta market, we have included full-service properties in the surrounding markets of North County San Diego, as well as Riverside and Orange counties, to get a better understanding of the operating performance of full-service hotels in the region. We have considered these full-service hotels in the surrounding markets collectively as a composite secondary set. Prior to 2020, both occupancy and ADR for this set of full-service hotels generally followed a strengthening trend, with RevPAR increasing year-over-year from 2010 through 2019 despite new supply opening in 2017 and 2018. In March 2020, the COVID-19 pandemic began to affect the local market, similar to the rest of the nation, resulting in decreased business activity, inclusive of the hospitality and manufacturing industries. The 2020 data illustrate a significant decline in occupancy and a roughly \$27 loss in ADR. By year-end 2021, occupancy had begun its recovery towards pre-pandemic levels, gaining traction in the latter half of the year after the wide distribution of vaccines. By year-end 2021, ADR had just surpassed 2019 levels. Year-to-date data through March 2022 reflects a continuation of this recovery trend. While the pandemic will continue to affect business and larger-scale groups to some degree in the near term, the overall outlook is optimistic given the dynamics of this market, the return to office operations, and the increase in group demand.

The following table provides a historical perspective on the supply and demand trends for a selected set of hotels, as provided by STR.

**FIGURE 1-3 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)**

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2009	2,936	1,071,640	—	660,993	—	61.7 %	\$129.75	—	\$80.03	—
2010	2,936	1,071,640	0.0 %	719,483	8.8 %	67.1	127.82	(1.5) %	85.81	7.2 %
2011	2,936	1,071,640	0.0	728,318	1.2	68.0	136.12	6.5	92.51	7.8
2012	3,057	1,115,940	4.1	743,840	2.1	66.7	142.24	4.5	94.81	2.5
2013	3,144	1,147,560	2.8	790,425	6.3	68.9	145.48	2.3	100.21	5.7
2014	3,200	1,168,000	1.8	822,002	4.0	70.4	157.37	8.2	110.75	10.5
2015	3,200	1,168,000	0.0	844,070	2.7	72.3	165.24	5.0	119.41	7.8
2016	3,200	1,168,122	0.0	839,058	(0.6)	71.8	168.95	2.2	121.36	1.6
2017	3,235	1,180,781	1.1	872,356	4.0	73.9	172.73	2.2	127.61	5.2
2018	3,535	1,290,114	9.3	960,460	10.1	74.4	178.27	3.2	132.72	4.0
2019	3,607	1,316,465	2.0	987,086	2.8	75.0	183.19	2.8	137.36	3.5
2020	3,350	1,222,738	(7.1)	526,094	(46.7)	43.0	155.98	(14.9)	67.11	(51.1)
2021	3,769	1,375,669	12.5	817,250	55.3	59.4	184.87	18.5	109.82	63.6
<b>Year-to-Date Through March</b>										
2021	3,613	325,170	—	127,156	—	39.1 %	\$137.20	—	\$53.65	—
2022	3,819	343,710	5.7 %	209,204	64.5 %	60.9	194.66	41.9 %	118.48	120.8 %
Average Annual Compounded Change:										
2009 – 2019			2.1 %	4.1 %			3.5 %			5.6 %
2009 – 2020			1.2	(2.1)			1.7			(1.6)

Hotels Included in Sample	Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened
Westin Carlsbad Resort & Spa	Upper Upscale Class	Secondary	208	Apr 2021	Aug 2018
The Cassara Carlsbad, Tapestry Collection by Hilton	Upscale Class	Secondary	119	Jun 2020	Jun 1998
Sheraton Hotel Carlsbad Resort & Spa	Upper Upscale Class	Secondary	169	Jun 2020	Feb 2008
Cape Rey Carlsbad, a Hilton Resort	Upper Upscale Class	Secondary	215	Jun 2012	Jun 2012
Tribute Portfolio The Inn At Rancho Santa Fe	Upper Upscale Class	Secondary	80	May 2017	Jun 1924
Rancho Bernardo Inn	Luxury Class	Secondary	287	May 2020	Jun 1962
DoubleTree by Hilton Hotel San Bernardino	Upscale Class	Secondary	251	Jul 2015	Jul 1972
Marriott Riverside	Upper Upscale Class	Secondary	293	Jun 2020	Apr 1987
The Mission Inn Hotel & Spa	Luxury Class	Secondary	238	Jun 1903	Jun 1903
Embassy Suites by Hilton Temecula Valley Wine Country	Upper Upscale Class	Primary	176	Jul 1993	Jun 1990
Carter Hospitality Winery Resorts	Luxury Class	Primary	192	Jun 2020	May 2004
Temecula Creek Inn	Luxury Class	Primary	125	Jul 2020	Jun 1969
Marriott Irvine	Upper Upscale Class	Secondary	496	Jul 1983	Jul 1983
DoubleTree by Hilton Hotel Irvine Spectrum	Upscale Class	Secondary	252	Jul 1999	Jul 1999
Marriott Irvine Spectrum	Upper Upscale Class	Secondary	271	Dec 2017	Dec 2017
Ascend Collection The Hills Hotel	Upscale Class	Secondary	148	Jun 2020	Jan 1977
Renaissance ClubSport Aliso Viejo Laguna Beach Hotel	Upper Upscale Class	Secondary	174	Jun 2020	Jul 2008
<b>Total</b>			<b>3,819</b>		

Source: STR

The following tables reflect our estimates of operating data for hotels on an individual basis. These trends are presented in detail in the Supply and Demand Analysis chapter of this report.



**FIGURE 1-4 PRIMARY COMPETITORS – OPERATING PERFORMANCE**

Property	Est. Segmentation				Estimated 2019				Estimated 2021					
	Number of Rooms	Commercial	Leisure	Group	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Embassy Suites Temecula Valley Wine Country	176	35 %	40 %	25 %	176	85 - 90 %	\$140 - \$150	\$125 - \$130	176	65 - 70 %	\$170 - \$180	\$115 - \$120	110 - 120 %	100 - 110 %
Temecula Creek Inn	125	10	45	45	125	65 - 70	210 - 220	150 - 160	125	50 - 55	200 - 210	110 - 115	90 - 95	100 - 110
Carter Estate Resort & Winery	192	10	50	40	192	65 - 70	200 - 210	130 - 140	192	50 - 55	190 - 200	95 - 100	85 - 90	85 - 90
<b>Sub-Totals/Averages</b>	<b>493</b>	<b>20 %</b>	<b>45 %</b>	<b>35 %</b>	<b>493</b>	<b>74.9 %</b>	<b>\$183.60</b>	<b>\$137.58</b>	<b>493</b>	<b>58.7 %</b>	<b>\$185.64</b>	<b>\$109</b>	<b>99 %</b>	<b>99.3 %</b>
Secondary Competitors	3,326	35 %	45 %	20 %	2,495	75.0 %	\$183.19	\$137.39	2,495	59.4 %	\$184.87	\$110	100 %	100.1 %
<b>Totals/Averages</b>	<b>3,819</b>	<b>33 %</b>	<b>45 %</b>	<b>22 %</b>	<b>2,988</b>	<b>75.0 %</b>	<b>\$183.26</b>	<b>\$137.42</b>	<b>2,988</b>	<b>59.3 %</b>	<b>\$185.00</b>	<b>\$110</b>	<b>100 %</b>	<b>100.0 %</b>

*\* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.*

**FIGURE 1-5 SECONDARY COMPETITORS – OPERATING PERFORMANCE**

Property	Number of Rooms	Est. Segmentation			Total Competitive Level	Estimated 2019				Estimated 2021			
		Commercial	Leisure	Group		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Composite Full-Service	3,326	35 %	45 %	20 %	75 %	2,495	70 - 75 %	\$180 - \$190	\$130 - \$140	2,495	55 - 60 %	\$180 - \$190	\$105 - \$110
<b>Totals/Averages</b>	<b>3,326</b>	<b>35 %</b>	<b>45 %</b>	<b>20 %</b>	<b>75 %</b>	<b>2,495</b>	<b>75.0 %</b>	<b>\$183.19</b>	<b>\$137.39</b>	<b>2,495</b>	<b>59.4 %</b>	<b>\$184.87</b>	<b>\$109.81</b>

*\* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.*

### Summary of Forecast Occupancy and Average Rate

Based on our analysis presented in the Projection of Occupancy and Average Rate chapter, we have chosen to use a stabilized occupancy level of 76% and a base-year rate position of for the proposed subject hotel. The following table reflects a summary of our proposed subject hotel occupancy and average rate projections.

**FIGURE 1-6 FORECAST OF OCCUPANCY AND AVERAGE RATE**

Year	Occupancy	Average Rate		Average Rate
		Before Discount	Discount	After Discount
2025	67 %	\$242.59	2.0 %	\$237.73
2026	72	249.86	1.0	247.36
2027	76	257.36	0.0	257.36

### Summary of Forecast Income and Expense Statement

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market. Our forecast of income and expense is presented in the following table.

**FIGURE 1-7 DETAILED FORECAST OF INCOME AND EXPENSE**

	2025 (Calendar Year)				2026				Stabilized				2028				2029			
Number of Rooms:	180				180				180				180				180			
Occupancy:	67%				72%				76%				76%				76%			
Average Rate:	\$237.73				\$247.36				\$257.36				\$265.08				\$273.03			
RevPAR:	\$159.28				\$178.10				\$195.59				\$201.46				\$207.50			
Days Open:	365				365				365				365				365			
Occupied Rooms:	44,019	%Gross	PAR	POR	47,304	%Gross	PAR	POR	49,932	%Gross	PAR	POR	49,932	%Gross	PAR	POR	49,932	%Gross	PAR	POR
<b>OPERATING REVENUE</b>																				
Rooms	\$10,465	75.3 %	\$58,139	\$237.74	\$11,701	76.0 %	\$65,006	\$247.36	\$12,850	76.5 %	\$71,389	\$257.35	\$13,236	76.5 %	\$73,533	\$265.08	\$13,633	76.5 %	\$75,739	\$273.03
Food	2,392	17.2	13,287	54.33	2,597	16.9	14,427	54.90	2,785	16.6	15,471	55.77	2,868	16.6	15,935	57.44	2,954	16.6	16,413	59.17
Beverage	684	4.9	3,798	15.53	732	4.8	4,068	15.48	777	4.6	4,317	15.56	800	4.6	4,447	16.03	824	4.6	4,580	16.51
Other Operated Departments	294	2.1	1,635	6.69	309	2.0	1,719	6.54	324	1.9	1,799	6.48	334	1.9	1,853	6.68	344	1.9	1,908	6.88
Miscellaneous Income	59	0.4	327	1.34	62	0.4	344	1.31	65	0.4	360	1.30	67	0.4	371	1.34	69	0.4	382	1.38
Total Operating Revenues	13,894	100.0	77,187	315.63	15,401	100.0	85,563	325.58	16,800	100.0	93,335	336.47	17,305	100.0	96,138	346.57	17,824	100.0	99,022	356.96
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	2,619	25.0	14,552	59.51	2,772	23.7	15,403	58.61	2,917	22.7	16,206	58.42	3,005	22.7	16,692	60.17	3,095	22.7	17,193	61.98
Food & Beverage	2,584	84.0	14,358	58.71	2,720	81.7	15,111	57.50	2,849	80.0	15,830	57.07	2,935	80.0	16,305	58.78	3,023	80.0	16,794	60.54
Other Operated Departments	136	46.2	755	3.09	141	45.5	782	2.98	146	45.0	810	2.92	150	45.0	834	3.01	155	45.0	859	3.10
Total Expenses	5,340	38.4	29,665	121.30	5,633	36.6	31,296	119.09	5,912	35.2	32,846	118.41	6,090	35.2	33,831	121.96	6,272	35.2	34,846	125.62
DEPARTMENTAL INCOME	8,554	61.6	47,522	194.33	9,768	63.4	54,267	206.50	10,888	64.8	60,490	218.06	11,215	64.8	62,307	224.61	11,552	64.8	64,176	231.35
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	1,173	8.4	6,518	26.65	1,229	8.0	6,829	25.99	1,284	7.6	7,133	25.71	1,323	7.6	7,347	26.49	1,362	7.6	7,568	27.28
Info & Telecom Systems	149	1.1	830	3.39	156	1.0	869	3.31	163	1.0	908	3.27	168	1.0	935	3.37	173	1.0	963	3.47
Marketing	1,067	7.7	5,925	24.23	1,117	7.3	6,208	23.62	1,167	6.9	6,485	23.38	1,202	6.9	6,679	24.08	1,238	6.9	6,880	24.80
Franchise Fee	942	6.8	5,233	21.40	1,053	6.8	5,851	22.26	1,157	6.9	6,425	23.16	1,191	6.9	6,618	23.86	1,227	6.9	6,817	24.57
Prop. Operations & Maint.	461	3.3	2,560	10.47	543	3.5	3,017	11.48	630	3.8	3,502	12.62	649	3.8	3,607	13.00	669	3.8	3,715	13.39
Utilities	469	3.4	2,607	10.66	492	3.2	2,732	10.39	514	3.1	2,853	10.29	529	3.1	2,939	10.59	545	3.1	3,027	10.91
Total Expenses	4,261	30.7	23,671	96.80	4,591	29.8	25,505	97.05	4,915	29.3	27,306	98.44	5,063	29.3	28,126	101.39	5,214	29.3	28,969	104.43
GROSS OPERATING PROFIT	4,293	30.9	23,851	97.53	5,177	33.6	28,761	109.44	5,973	35.5	33,184	119.62	6,153	35.5	34,182	123.22	6,337	35.5	35,207	126.92
Management Fee	417	3.0	2,316	9.47	462	3.0	2,567	9.77	504	3.0	2,800	10.09	519	3.0	2,884	10.40	535	3.0	2,971	10.71
INCOME BEFORE NON-OPR. INC. & EXP.	3,876	27.9	21,535	88.06	4,715	30.6	26,195	99.67	5,469	32.5	30,384	109.53	5,634	32.5	31,297	112.82	5,802	32.5	32,236	116.21
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	568	4.1	3,154	12.90	579	3.8	3,217	12.24	591	3.5	3,281	11.83	602	3.5	3,347	12.06	614	3.4	3,414	12.31
Insurance	154	1.1	856	3.50	159	1.0	881	3.35	163	1.0	908	3.27	168	1.0	935	3.37	173	1.0	963	3.47
Total Expenses	722	5.2	4,009	16.40	738	4.8	4,098	15.59	754	4.5	4,189	15.10	771	4.5	4,282	15.44	788	4.4	4,377	15.78
EBITDA	3,155	22.7	17,526	71.67	3,977	25.8	22,096	84.08	4,715	28.0	26,195	94.43	4,863	28.0	27,016	97.39	5,015	28.1	27,859	100.43
Reserve for Replacement	278	2.0	1,544	6.31	462	3.0	2,567	9.77	672	4.0	3,733	13.46	692	4.0	3,846	13.86	713	4.0	3,961	14.28
EBITDA LESS RESERVE	\$2,877	20.7 %	\$15,982	\$65.35	\$3,515	22.8 %	\$19,530	\$74.31	\$4,043	24.0 %	\$22,461	\$80.97	\$4,171	24.0 %	\$23,170	\$83.53	\$4,302	24.1 %	\$23,898	\$86.15

\*Departmental expenses are expressed as a percentage of departmental revenues.

**FIGURE 1-8 TEN-YEAR FORECAST OF INCOME AND EXPENSE**

	2025		2026		2027		2028		2029		2030		2031		2032		2033		2034	
Number of Rooms:	180		180		180		180		180		180		180		180		180		180	
Occupied Rooms:	44,019		47,304		49,932		49,932		49,932		49,932		49,932		49,932		49,932		49,932	
Occupancy:	67%		72%		76%		76%		76%		76%		76%		76%		76%		76%	
Average Rate:	\$237.73	% of	\$247.36	% of	\$257.36	% of	\$265.08	% of	\$273.03	% of	\$281.22	% of	\$289.66	% of	\$298.35	% of	\$307.30	% of	\$316.52	% of
RevPAR:	\$159.28	Gross	\$178.10	Gross	\$195.59	Gross	\$201.46	Gross	\$207.50	Gross	\$213.73	Gross	\$220.14	Gross	\$226.75	Gross	\$233.55	Gross	\$240.55	Gross
<b>OPERATING REVENUE</b>																				
Rooms	\$10,465	75.3 %	\$11,701	76.0 %	\$12,850	76.5 %	\$13,236	76.5 %	\$13,633	76.5 %	\$14,042	76.5 %	\$14,463	76.5 %	\$14,897	76.5 %	\$15,344	76.5 %	\$15,804	76.5 %
Food	2,392	17.2	2,597	16.9	2,785	16.6	2,868	16.6	2,954	16.6	3,043	16.6	3,134	16.6	3,228	16.6	3,325	16.6	3,425	16.6
Beverage	684	4.9	732	4.8	777	4.6	800	4.6	824	4.6	849	4.6	875	4.6	901	4.6	928	4.6	956	4.6
Other Operated Departments	294	2.1	309	2.0	324	1.9	334	1.9	344	1.9	354	1.9	364	1.9	375	1.9	387	1.9	398	1.9
Miscellaneous Income	59	0.4	62	0.4	65	0.4	67	0.4	69	0.4	71	0.4	73	0.4	75	0.4	77	0.4	80	0.4
Total Operating Revenues	13,894	100.0	15,401	100.0	16,800	100.0	17,305	100.0	17,824	100.0	18,359	100.0	18,909	100.0	19,477	100.0	20,061	100.0	20,662	100.0
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	2,619	25.0	2,772	23.7	2,917	22.7	3,005	22.7	3,095	22.7	3,188	22.7	3,283	22.7	3,382	22.7	3,483	22.7	3,588	22.7
Food & Beverage	2,584	84.0	2,720	81.7	2,849	80.0	2,935	80.0	3,023	80.0	3,114	80.0	3,207	80.0	3,303	80.0	3,402	80.0	3,504	80.0
Other Operated Departments	136	46.2	141	45.5	146	45.0	150	45.0	155	45.0	159	45.0	164	45.0	169	45.0	174	45.0	179	45.0
Total Expenses	5,340	38.4	5,633	36.6	5,912	35.2	6,090	35.2	6,272	35.2	6,460	35.2	6,654	35.2	6,854	35.2	7,059	35.2	7,271	35.2
<b>DEPARTMENTAL INCOME</b>	8,554	61.6	9,768	63.4	10,888	64.8	11,215	64.8	11,552	64.8	11,898	64.8	12,255	64.8	12,623	64.8	13,001	64.8	13,391	64.8
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	1,173	8.4	1,229	8.0	1,284	7.6	1,323	7.6	1,362	7.6	1,403	7.6	1,445	7.6	1,489	7.6	1,533	7.6	1,579	7.6
Info & Telecom Systems	149	1.1	156	1.0	163	1.0	168	1.0	173	1.0	179	1.0	184	1.0	189	1.0	195	1.0	201	1.0
Marketing	1,067	7.7	1,117	7.3	1,167	6.9	1,202	6.9	1,238	6.9	1,276	6.9	1,314	6.9	1,353	6.9	1,394	6.9	1,436	6.9
Franchise Fee	942	6.8	1,053	6.8	1,157	6.9	1,191	6.9	1,227	6.9	1,264	6.9	1,302	6.9	1,341	6.9	1,381	6.9	1,422	6.9
Prop. Operations & Maint.	461	3.3	543	3.5	630	3.8	649	3.8	669	3.8	689	3.8	709	3.8	731	3.8	753	3.8	775	3.8
Utilities	469	3.4	492	3.2	514	3.1	529	3.1	545	3.1	561	3.1	578	3.1	595	3.1	613	3.1	632	3.1
Total Expenses	4,261	30.7	4,591	29.8	4,915	29.3	5,063	29.3	5,214	29.3	5,371	29.3	5,532	29.3	5,698	29.3	5,869	29.3	6,045	29.3
<b>GROSS OPERATING PROFIT</b>	4,293	30.9	5,177	33.6	5,973	35.5	6,153	35.5	6,337	35.5	6,527	35.5	6,723	35.5	6,925	35.5	7,133	35.5	7,346	35.5
Management Fee	417	3.0	462	3.0	504	3.0	519	3.0	535	3.0	551	3.0	567	3.0	584	3.0	602	3.0	620	3.0
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	3,876	27.9	4,715	30.6	5,469	32.5	5,634	32.5	5,802	32.5	5,977	32.5	6,156	32.5	6,340	32.5	6,531	32.5	6,726	32.5
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	568	4.1	579	3.8	591	3.5	602	3.5	614	3.4	627	3.4	639	3.4	652	3.3	665	3.3	678	3.3
Insurance	154	1.1	159	1.0	163	1.0	168	1.0	173	1.0	179	1.0	184	1.0	189	1.0	195	1.0	201	1.0
Total Expenses	722	5.2	738	4.8	754	4.5	771	4.5	788	4.4	805	4.4	823	4.4	842	4.3	860	4.3	879	4.3
<b>EBITDA</b>	3,155	22.7	3,977	25.8	4,715	28.0	4,863	28.0	5,015	28.1	5,171	28.1	5,332	28.1	5,499	28.2	5,670	28.2	5,847	28.2
Reserve for Replacement	278	2.0	462	3.0	672	4.0	692	4.0	713	4.0	734	4.0	756	4.0	779	4.0	802	4.0	826	4.0
<b>EBITDA LESS RESERVE</b>	\$2,877	20.7 %	\$3,515	22.8 %	\$4,043	24.0 %	\$4,171	24.0 %	\$4,302	24.1 %	\$4,437	24.1 %	\$4,576	24.1 %	\$4,720	24.2 %	\$4,868	24.2 %	\$5,020	24.2 %

As illustrated, the hotel is expected to stabilize at a profitable level. Please refer to the Forecast of Income and Expense chapter of our report for a detailed explanation of the methodology used in deriving this forecast.

### Feasibility Conclusion

To determine the feasibility of this project, we have developed an estimate of the total development costs, which includes hard costs, FF&E, soft costs, pre-opening costs, and working capital, as well as the developer's fee. Our development cost estimate is supported by actual cost comparables and the annual *HVS Development Cost Survey*. We recommend that the development team obtain a more detailed development cost estimate from actual construction companies. It is also advised that developers consult more than one source in their hotel development process to more accurately assess the cost of development.

Based on our market analysis, there is not sufficient market support for the development of a full-service hotel in Murrieta at present. Based on the current market-appropriate discount rate and terminal capitalization rate, the present value of the cash flows at opening is \$49,800,000. In order for the development of a proposed full-service hotel to be feasible, the all-in development costs for the project should remain below this amount.

### Assignment Conditions

"Extraordinary Assumption" is defined in USPAP as follows:

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis.<sup>1</sup>

The analysis is based on the extraordinary assumption that the described improvements have been completed as of the stated date of opening. The reader should understand that the completed subject property does not yet exist as of the date of this report. Our feasibility study does not address unforeseeable events that could alter the proposed project, and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in this report, shall take place between the date of inspection and stated date of opening. The use of this extraordinary assumption may have affected the assignment results. We have made no other extraordinary assumptions specific to this feasibility study. However, several important general assumptions have been made that apply to this feasibility study and our studies of proposed hotels in

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<sup>1</sup>The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, 2020–2021 ed.

general. These aspects are set forth in the Assumptions and Limiting Conditions chapter of this report.

#### **Intended Use of the Feasibility Study**

This feasibility report is being prepared for use in the development of the proposed subject hotel.

#### **Identification of the Client and Intended User(s)**

The client for this engagement is City of Murrieta Economic Development Department. This report is intended for the addressee firm and may not be distributed to or relied upon by other persons or entities.

#### **Scope of Work**

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,<sup>2</sup> *Hotels, Motels and Restaurants: Valuations and Market Studies*,<sup>3</sup> *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,<sup>4</sup> *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,<sup>5</sup> and *Hotels and Motels – Valuations and Market Studies*.<sup>6</sup>

1. All information was collected and analyzed by the staff of TS Worldwide, LLC. Information was supplied by the client and/or the property's development team.
2. The subject site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant factors.
3. The subject property's proposed improvements have been reviewed for their expected quality of construction, design, and layout efficiency.
4. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hospitality-related economic and demographic trends that may have an impact on future demand for hotels.

<sup>2</sup> Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

<sup>3</sup> Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

<sup>4</sup> Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

<sup>5</sup> Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

<sup>6</sup> Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies*. (Chicago: Appraisal Institute, 2001).

5. Dividing the market for hotel accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.
6. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness. Unless noted otherwise, we have inspected the competitive lodging facilities summarized in this report.
7. Documentation for an occupancy and ADR projection is derived utilizing the build-up approach based on an analysis of lodging activity.
8. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry sets forth the anticipated economic benefits of the proposed subject property.
9. A feasibility analysis is performed, in which the market equity yield that an investor would expect is compared to the equity yield that an investor must accept.



## 2. Description of the Site and Neighborhood

The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

At the time of this study, a particular site had yet to be selected for development; however, the City of Murrieta has earmarked several areas and sites suitable for the development of a hotel within the city. These sites are privately owned. The City plans to work with a potential developer in facilitating the acquisition of a suitable site for the proposed hotel development. This site is in the city of Murrieta, California.

### Development Site Options

We have surveyed available vacant land in Murrieta suitable for hotel development and have proposed the following sites as potential hotel development sites. Accordingly, we have listed a summary of advantages and disadvantages to each site; however, a hotel developer would have to conduct independent research and make a final determination on site suitability for the prospective hotel development.

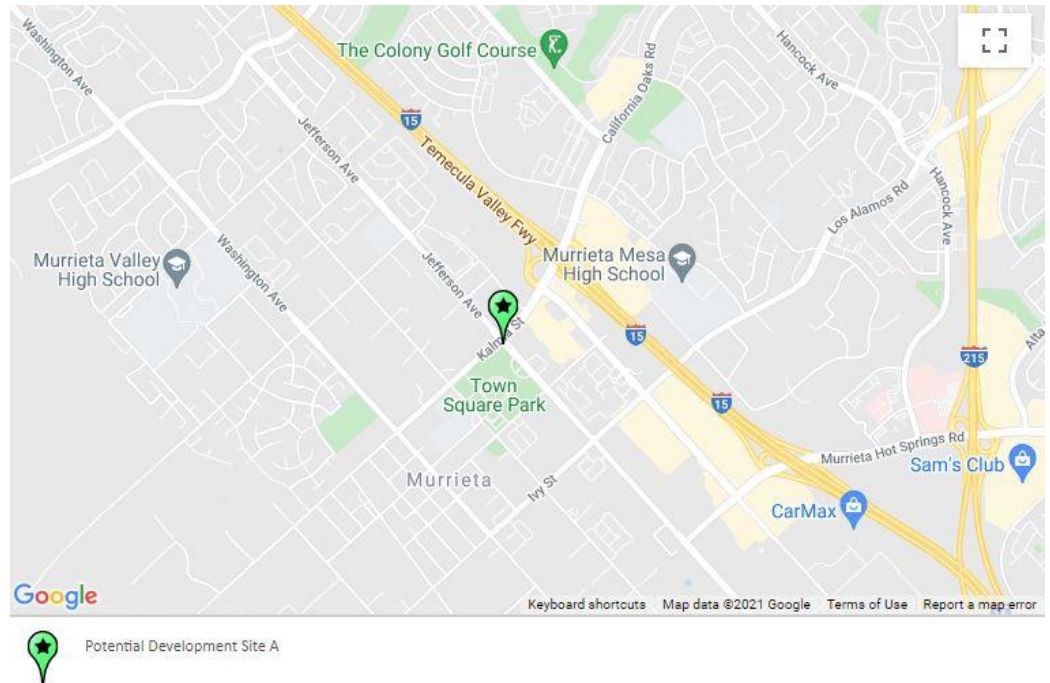
#### **SITE A – MURRIETA TOWN HALL**

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Location: Vacant land parcels southwest of the intersection formed by Jefferson Avenue and Kalmia Street

### SITE A – LOCATION MAP



#### Advantages:

- Proximate to Downtown Murrieta and within walking distance to retail and food and beverage options
- Proximate to several commercial demand generators

#### Disadvantages:

- Limited availability of vacant land

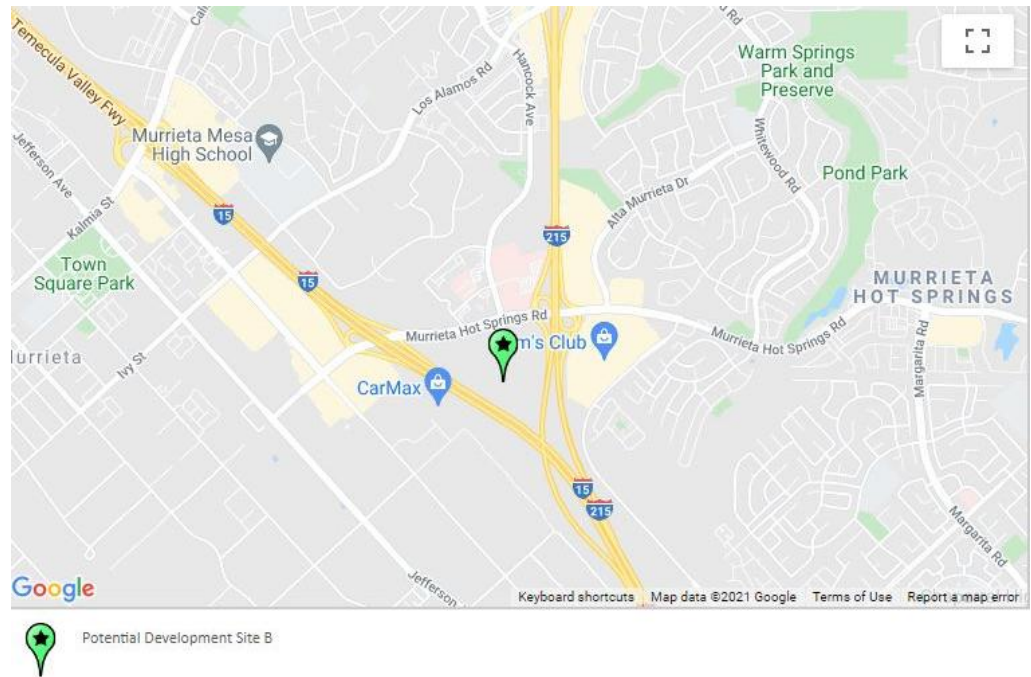
## SITE B – INTERSECTION OF INTERSTATE 215 AND INTERSTATE 15

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Location: Vacant land parcels bounded by Murrieta Hot Springs Road to the North, Interstate 15 to the Southwest, and Interstate 251 to the Southeast.

## SITE B – LOCATION MAP



### Advantages:

- Interstate visibility and access
- Proximate to CarMax auction lot, a major commercial demand generator for Murrieta

### Disadvantages:

- Potential for highway noise

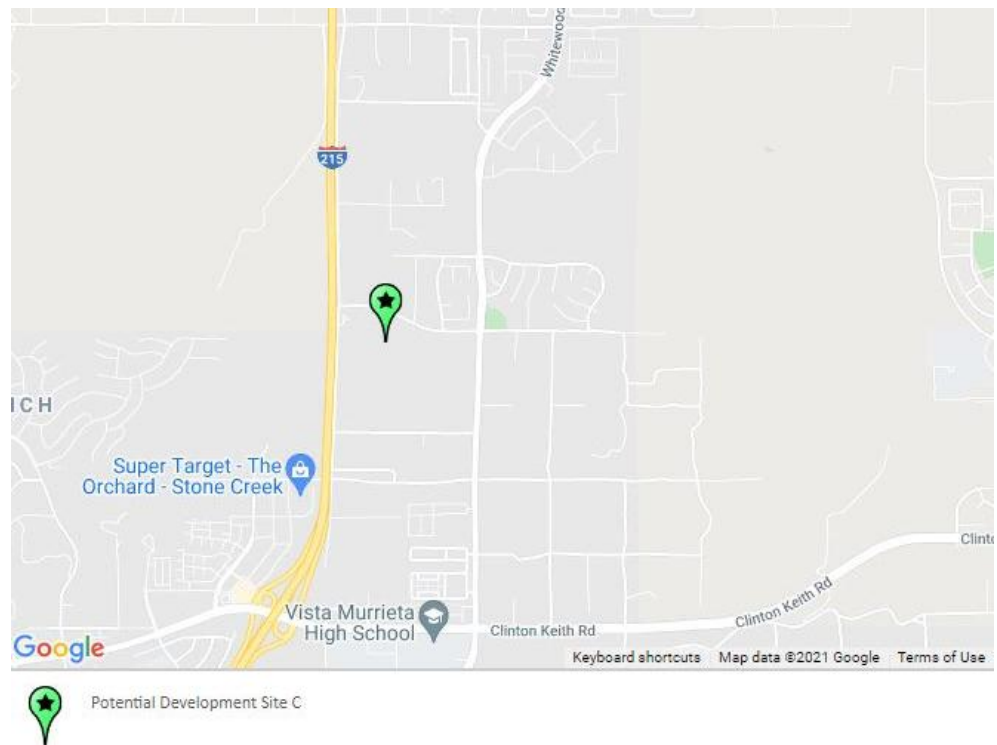
## SITE C – NORTHEAST MURRIETA

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Location: Several vacant land parcels bounded by Keller Road to the North, Clinton Keith Road to the South, Whitewood Road to the East, and Interstate 215 to the west.

## SITE C – LOCATION MAP



### Advantages:

- Large availability of vacant land
- Proximate to Interstate 215, with potential for highway visibility
- Proximate to two major medical centers, Loma Linda University Medical Center and Kaiser Permanente Medical Center

### Disadvantages:

- Potential for highway noise





Vehicular access to the selected subject site is expected to be provided by a major thoroughfare or a connecting secondary road. Both Interstate 15 and Interstate 215, which are the major north/south thoroughfares through the city, provide easy access to the sites that are being considered for hotel development. The proposed subject hotel is anticipated to have adequate signage at the street, as well as on its façade. Overall, the proposed hotel is expected to enjoy good visibility from within its local neighborhood.

#### **Airport Access**

The proposed subject hotel will be served by the John Wayne Airport, which is located approximately 40 miles to the northwest of the Murrieta Town Hall. The proposed subject hotel will also be served by the San Diego International Airport, which is located approximately 60 miles to the south of the Murrieta Town Hall.

#### **Neighborhood**

The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section of the report investigates the subject neighborhood and evaluates any pertinent location factors that could affect its future occupancy, average rate, and overall profitability.

As noted previously, a particular hotel site has yet to be selected, but the City of Murrieta's Economic Development Office has recommended several sites primed for the development of a hotel. These sites are all located adjacent or proximate to main thoroughfares and in active neighborhoods with the necessary ancillary amenities, such as retail and dining outlets, to support the development of a full-service hotel. The proposed subject hotel's opening should be a positive influence on its local area; the hotel is expected to be in character with and to complement surrounding land uses.

#### **Utilities**

The subject site will reportedly be served by all necessary utilities.

#### **Seismicity, Soil and Subsoil Conditions**

We surveyed a sample of the three potential areas/sites that are being considered for hotel development by the City of Murrieta. We note that most sites in Murrieta, California, are not located within an earthquake fault zone and have not been evaluated for liquefaction or seismic landslide hazards; however, the state of California is considered to be seismically active. This condition is consistent with the surrounding real estate; thus, it should not affect the chosen subject site's utility or marketability. Given that the particular site had yet to be selected at the time of this study, geological and soil reports were not yet available for our review during the preparation of this report.

#### **Nuisances and Hazards**

We do not anticipate any site-specific nuisances or hazards in connection with the chosen site for development; however, should the selected site present any signs of nuisance or hazards, including toxic ground contaminants, we would expect these

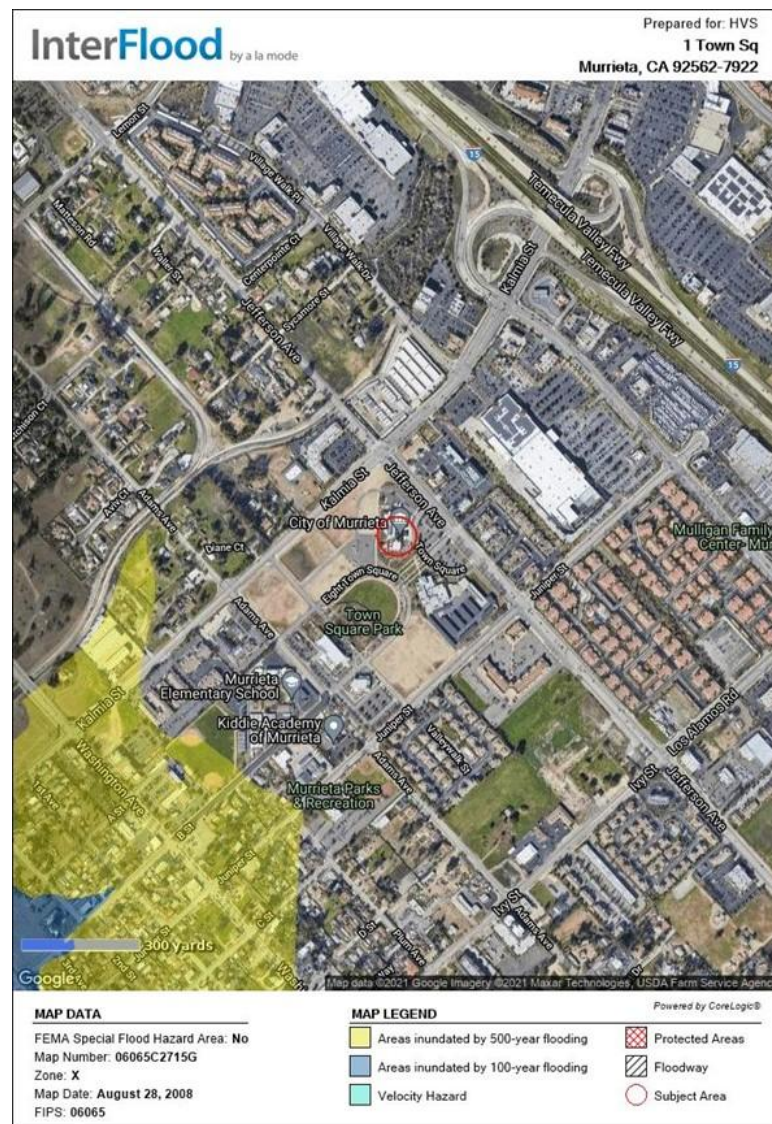


to be remedied. Because we are not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.

### Flood Zone

According to the Federal Emergency Management Agency map illustrated below, the majority of sites in Murrieta, CA is located in Zone X.

### COPY OF FLOOD MAP AND COVER



**Zoning**

Given that the particular site had yet to be selected at the time of this study, we are unable to confirm the zoning of the development site. However, the City of Murrieta's Economic Development Office will provide potential developers with the tools to obtain the necessary zoning permits to construct a hotel on the site selected by the developer.

**Legal Description,  
Easements and  
Encroachments**

Given that a particular site had yet to be selected at the time of this study, no legal descriptions were available. The selected site might be subject to existing easements; thus, we urge the reader to investigate this as part of the due-diligence phase of development.

**Conclusion**

We have analyzed the issues of size, topography, access, visibility, and the availability of utilities of the potential hotel sites. These sites are located along main thoroughfares with good visibility prospects; furthermore, these sites are proximate to necessary ancillary amenities, such as retail and dining establishments, that would support a full-service hotel development. In general, any one of these sites would be well suited for future hotel use, with acceptable access, visibility, and topography for an effective operation.

### 3. Market Area Analysis

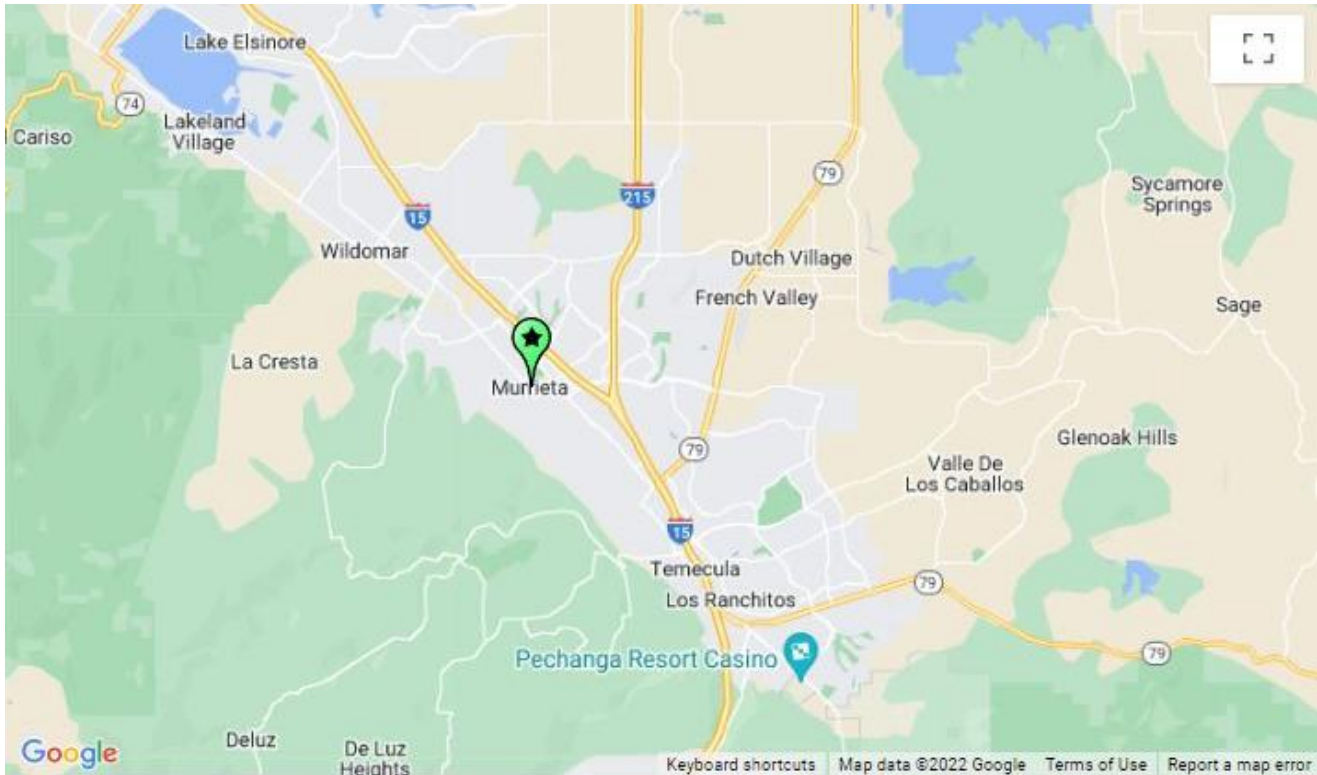
The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and future income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment (e.g., commercial, meeting and group, and leisure).

#### Market Area Definition

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject site is located in the city of Murrieta, the county of Riverside, and the state of California. Murrieta is a city in Riverside County, California, located approximately 70 miles southeast of Los Angeles and 60 miles north of San Diego. The city was incorporated in 1991. Between 2000 and 2010, the city's population expanded by 134%, making it one of the fastest growing cities in California. The city is typically characterized as a bedroom community. The city is nestled in the Temecula Valley, which serves as one of the state's significant wine-producing regions and features one of California's oldest wineries.

The subject property's market area can be defined by its Combined Statistical Area (CSA): Los Angeles-Long Beach, CA. The CSA represents adjacent metropolitan and micropolitan statistical areas that have a moderate degree of employment interchange. Micropolitan statistical areas represent urban areas in the United States based around a core city or town with a population of 10,000 to 49,999; the MSA requires the presence of a core city of at least 50,000 people and a total population of at least 100,000 (75,000 in New England). The following exhibit illustrates the market area.

## MAP OF MARKET AREA



### Economic and Demographic Review

A primary source of economic and demographic statistics used in this analysis is the *Complete Economic and Demographic Data Source* published by Woods & Poole Economics, Inc.—a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

These data are summarized in the following table.

**FIGURE 3-1 ECONOMIC AND DEMOGRAPHIC DATA SUMMARY**

					Average Annual		
					Compounded Change		
	2010	2019	2021	2026	2010-19	2019-21	2021-26
Resident Population (Thousands)							
Riverside County	2,201.6	2,470.5	2,550.4	2,772.6	1.3 %	1.6 %	1.7 %
Riverside-San Bernardino-Ontario, CA MS	4,242.4	4,650.6	4,770.2	5,104.1	1.0	1.3	1.4
Los Angeles-Long Beach, CA CSA	17,905.9	18,711.4	18,931.5	19,574.4	0.5	0.6	0.7
State of California	37,319.5	39,512.2	40,021.5	41,481.2	0.6	0.6	0.7
United States	309,321.6	328,241.4	332,219.5	343,776.8	0.7	0.6	0.7
Per-Capita Personal Income *							
Riverside County	\$32,076	\$38,614	\$39,783	\$42,708	2.1	1.5	1.4
Riverside-San Bernardino-Ontario, CA MS	31,507	38,454	39,740	42,851	2.2	1.7	1.5
Los Angeles-Long Beach, CA CSA	43,426	55,093	57,019	61,657	2.7	1.7	1.6
State of California	45,594	60,645	62,758	67,743	3.2	1.7	1.5
United States	42,366	51,424	53,262	57,739	2.2	1.8	1.6
W&P Wealth Index							
Riverside County	78.3	77.0	76.7	76.1	(0.2)	(0.2)	(0.1)
Riverside-San Bernardino-Ontario, CA MS	76.4	76.1	76.0	75.7	(0.0)	(0.1)	(0.1)
Los Angeles-Long Beach, CA CSA	103.2	107.1	107.0	106.8	0.4	(0.0)	(0.0)
State of California	108.0	117.1	117.0	116.5	0.9	(0.0)	(0.1)
United States	100.0	100.0	100.0	100.0	(0.0)	0.0	0.0
Food and Beverage Sales (Millions)*							
Riverside County	\$2,688	\$4,188	\$4,494	\$5,353	5.1	3.6	3.6
Riverside-San Bernardino-Ontario, CA MS	5,129	7,828	8,334	9,719	4.8	3.2	3.1
Los Angeles-Long Beach, CA CSA	30,013	45,844	48,131	54,234	4.8	2.5	2.4
State of California	61,674	95,162	100,010	112,860	4.9	2.5	2.4
United States	475,553	683,513	718,507	814,042	4.1	2.5	2.5
Total Retail Sales (Millions)*							
Riverside County	\$26,328	\$35,955	\$38,730	\$44,824	3.5	3.8	3.0
Riverside-San Bernardino-Ontario, CA MS	50,981	71,645	76,648	87,224	3.9	3.4	2.6
Los Angeles-Long Beach, CA CSA	243,659	318,346	335,928	369,347	3.0	2.7	1.9
State of California	510,394	675,389	713,490	786,486	3.2	2.8	2.0
United States	4,387,108	5,538,706	5,846,867	6,434,974	2.6	2.7	1.9

\* Inflation Adjusted

Source: Woods &amp; Poole Economics, Inc.



## Workforce Characteristics

The U.S. population grew at an average annual compounded rate of 0.7% from 2010 through 2021. The county's population has increased at a quicker pace than the nation's population; the average annual growth rate of 1.3% between 2010 and 2021 reflects a gradually expanding area. Following this population trend, per-capita personal income increased slowly, at 2.0% on average annually for the county between 2010 and 2021. Local wealth indexes have remained stable in recent years, registering a low 76.7 level for the county in 2021.

Food and beverage sales totaled \$4,494 million in the county in 2021, versus \$2,688 million in 2010. This reflects a 4.8% average annual change. The pace of growth is anticipated to be 3.6% through 2026. The retail sales sector demonstrated an annual increase of 3.6% in the decade spanning from 2010 to 2021. An increase of 3.0% average annual change is expected in county retail sales through 2026.

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table sets forth the county workforce distribution by business sector in 2019, 2020, and 2021, as well as a forecast for 2026.

**FIGURE 3-2 HISTORICAL AND PROJECTED EMPLOYMENT (000S)**

Industry	2019	Percent of Total	2020	Percent of Total	2021	Percent of Total	2026	Percent of Total	Average Annual Compounded Change		
									2019-2020	2020-2021	2021-2026
Farm	8.4	0.8 %	8.3	0.8 %	8.2	0.7 %	7.7	0.6 %	(1.2) %	(1.2) %	(1.2) %
Forestry, Fishing, Related Activities And Other	7.6	0.7	7.0	0.7	7.5	0.7	7.4	0.6	(7.8)	7.8	(0.3)
Mining	1.4	0.1	1.1	0.1	1.4	0.1	1.4	0.1	(16.5)	21.0	0.5
Utilities	1.6	0.1	1.6	0.2	1.6	0.1	1.6	0.1	(2.1)	2.7	0.2
Construction	94.1	8.5	91.1	8.8	96.1	8.4	101.4	8.0	(3.1)	5.5	1.1
Manufacturing	50.9	4.6	48.2	4.6	51.4	4.5	51.4	4.0	(5.5)	6.7	(0.0)
Total Trade	151.5	13.7	144.2	13.9	154.6	13.4	162.1	12.7	(4.8)	7.2	0.9
Wholesale Trade	32.5	2.9	31.4	3.0	33.5	2.9	36.2	2.8	(3.5)	6.8	1.6
Retail Trade	119.0	10.8	112.9	10.9	121.1	10.5	125.9	9.9	(5.2)	7.3	0.8
Transportation And Warehousing	74.8	6.8	74.2	7.1	80.7	7.0	96.4	7.6	(0.8)	8.7	3.6
Information	9.4	0.9	8.8	0.8	9.5	0.8	9.6	0.8	(6.5)	7.7	0.3
Finance And Insurance	38.2	3.5	38.6	3.7	40.9	3.6	47.2	3.7	1.0	6.1	2.9
Real Estate And Rental And Lease	52.2	4.7	49.5	4.8	53.6	4.7	58.8	4.6	(5.3)	8.4	1.9
Total Services	472.5	42.8	430.7	41.5	501.2	43.6	577.8	45.4	(8.8)	16.4	2.9
Professional And Technical Services	52.1	4.7	51.1	4.9	54.5	4.7	60.3	4.7	(1.9)	6.6	2.0
Management Of Companies And Enterprises	3.9	0.4	3.7	0.4	3.9	0.3	3.9	0.3	(5.3)	5.9	0.1
Administrative And Waste Services	82.6	7.5	75.8	7.3	88.1	7.7	102.7	8.1	(8.3)	16.2	3.1
Educational Services	14.3	1.3	13.3	1.3	15.5	1.3	18.4	1.4	(7.2)	16.2	3.5
Health Care And Social Assistance	125.8	11.4	122.8	11.8	134.9	11.7	160.9	12.7	(2.3)	9.9	3.6
Arts, Entertainment, And Recreation	25.3	2.3	18.4	1.8	26.6	2.3	30.2	2.4	(27.0)	44.5	2.5
Accommodation And Food Services	92.5	8.4	75.8	7.3	98.5	8.6	114.2	9.0	(18.0)	29.9	3.0
Other Services, Except Public Administration	76.0	6.9	69.7	6.7	79.2	6.9	87.2	6.9	(8.3)	13.6	1.9
Total Government	141.0	12.8	135.5	13.0	143.2	12.5	148.7	11.7	(3.8)	5.7	0.8
Federal Civilian Government	7.4	0.7	7.6	0.7	7.5	0.6	7.7	0.6	3.3	(1.9)	0.7
Federal Military	4.0	0.4	4.0	0.4	4.0	0.3	4.0	0.3	0.0	0.0	0.0
State And Local Government	129.6	11.7	123.9	11.9	131.7	11.5	137.0	10.8	(4.4)	6.3	0.8
<b>TOTAL</b>	<b>1,103.5</b>	<b>100.0 %</b>	<b>1,038.7</b>	<b>100.0 %</b>	<b>1,149.8</b>	<b>100.0 %</b>	<b>1,271.5</b>	<b>100.0 %</b>	<b>(5.9) %</b>	<b>10.7 %</b>	<b>2.0 %</b>
MSA	2,186.3	—	2,064.4	—	2,271.9	—	2,494.0	—	(5.6) %	10.1 %	1.9 %
U.S.	203,809.5	—	191,619.5	—	209,319.1	—	222,948.2	—	(6.0)	9.2	1.3

Source: Woods & Poole Economics, Inc.

Woods & Poole Economics, Inc. reports that during the period from 2010 to 2021, total employment in the county grew at an average annual rate of 2.1%. Of the primary employment sectors, Total Services recorded the highest increase in number of employees during the period from 2019 to 2021, increasing by 28,729 people, or 16.4%, and rising from 42.8% to 43.6% of total employment. Of the various service sub-sectors, Health Care And Social Assistance and Accommodation And Food Services were the largest employers. Strong growth was also recorded in the Transportation And Warehousing sector, as well as the Total Trade sector, which expanded by 8.7% and 7.2%, respectively, in the period from 2019 to 2021. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 2.0% on average annually through 2026. The trend is above the forecast rate of change for the U.S. as a whole during the same period.

The following table illustrates historical and projected employment, households, population, and average household income data, as provided by REIS for the overall San Bernardino/Riverside market.



**FIGURE 3-3 HISTORICAL & PROJECTED EMPLOYMENT, HOUSEHOLDS, POPULATION, AND HOUSEHOLD INCOME STATISTICS**

Year	Total Employment	% Chg	Office Employment	% Chg	Industrial Employment	% Chg	Households	% Chg	Population	% Chg	Household Avg. Income	% Chg
2009	1,150,733	—	321,960	—	144,945	—	1,300,362	—	4,201,095	—	\$94,697	—
2010	1,152,033	0.1 %	323,029	0.3 %	145,682	0.5 %	1,311,061	0.8 %	4,272,496	1.7 %	98,723	4.3 %
2011	1,159,600	0.7	320,541	(0.8)	146,751	0.7	1,331,616	1.6	4,315,645	1.0	101,217	2.5
2012	1,199,067	3.4	324,037	1.1	152,611	4.0	1,347,777	1.2	4,351,553	0.8	106,560	5.3
2013	1,252,300	4.4	333,693	3.0	158,079	3.6	1,363,625	1.2	4,391,524	0.9	106,562	0.0
2014	1,316,067	5.1	350,780	5.1	165,042	4.4	1,377,397	1.0	4,438,247	1.1	112,056	5.2
2015	1,381,700	5.0	366,030	4.3	171,990	4.2	1,391,464	1.0	4,485,818	1.1	116,832	4.3
2016	1,417,133	2.6	365,778	(0.1)	173,190	0.7	1,408,866	1.3	4,539,281	1.2	121,301	3.8
2017	1,474,667	4.1	376,347	2.9	176,149	1.7	1,421,709	0.9	4,590,384	1.1	124,293	2.5
2018	1,519,733	3.1	384,702	2.2	180,724	2.6	1,436,409	1.0	4,632,564	0.9	128,789	3.6
2019	1,574,967	3.6	398,442	3.6	182,310	0.9	1,450,074	1.0	4,658,680	0.6	134,520	4.4
2020	1,488,633	(5.5)	369,228	(7.3)	166,646	(8.6)	1,457,683	0.5	4,692,429	0.7	147,966	10.0
2021	1,558,691	4.7	379,167	2.7	171,454	2.9	1,480,936	1.6	4,734,634	0.9	155,171	4.9
<b>Forecasts</b>												
2022	1,617,866	3.8 %	389,758	2.8 %	174,006	1.5 %	1,507,435	1.8 %	4,787,464	1.1 %	160,310	3.3 %
2023	1,650,821	2.0	395,671	1.5	174,323	0.2	1,532,630	1.7	4,835,798	1.0	166,054	3.6
2024	1,675,812	1.5	401,176	1.4	174,643	0.2	1,553,253	1.3	4,873,427	0.8	172,021	3.6
2025	1,693,661	1.1	405,845	1.2	174,555	(0.1)	1,571,916	1.2	4,907,159	0.7	177,688	3.3
2026	1,706,291	0.7	410,358	1.1	173,909	(0.4)	1,589,841	1.1	4,941,171	0.7	182,830	2.9
<b>Average Annual Compound Change</b>												
2009 - 2021		2.6 %		1.4 %		1.4 %		1.1 %		1.0 %		4.2 %
Forecast 2022 - 2026		1.3 %		1.3 %		(0.0) %		1.3 %		0.8 %		3.3 %

Source: REIS Report, 4th Quarter, 2021

For the San Bernardino/Riverside market, of the roughly 1,600,000 persons employed, 24% are categorized as office employees, while 11% are categorized as industrial employees. Total employment is expected to expand by 3.8% in 2022, while office employment is forecast to expand by 2.8% in 2022. By 2022, total employment is anticipated to rebound to 2019 levels.

The number of households is forecast to expand by 1.3% on average annually between 2022 and 2026. Population is forecast to expand during this same period, at an average annual compounded rate of 0.8%. Household average income is forecast to grow by 3.3% on average annually from 2022 through 2026.

#### **Radial Demographic Snapshot**

The following table reflects radial demographic trends for our market area measured by three points of distance from the subject site.

**FIGURE 3-4 DEMOGRAPHICS BY RADIUS**

	0.00 - 1.00 miles	0.00 - 3.00 miles	0.00 - 5.00 miles
<b>Population</b>			
2027 Projection	9,495	86,759	165,605
2022 Estimate	9,002	83,336	158,509
2010 Census	7,329	72,113	134,336
2000 Census	3,728	42,857	67,648
Percent Change: 2022 to 2027	5.5%	4.1%	4.5%
Percent Change: 2010 to 2022	22.8%	15.6%	18.0%
Percent Change: 2000 to 2010	96.6%	68.3%	98.6%
<b>Households</b>			
2027 Projection	3,136	27,045	50,820
2022 Estimate	2,998	26,169	49,057
2010 Census	2,519	23,382	43,135
2000 Census	1,132	13,996	22,126
Percent Change: 2022 to 2027	4.6%	3.4%	3.6%
Percent Change: 2010 to 2022	19.0%	11.9%	13.7%
Percent Change: 2000 to 2010	122.5%	67.1%	95.0%
<b>Income</b>			
2022 Est. Average Household Income	\$109,715	\$130,922	\$135,926
2022 Est. Median Household Income	82,732	102,910	107,362
<b>2022 Est. Civ. Employed Pop 16+ by Occupation</b>			
Architecture/Engineering	76	725	1,405
Arts/Design/Entertainment/Sports/Media	79	783	1,464
Building/Grounds Cleaning/Maintenance	76	697	1,747
Business/Financial Operations	191	1,954	3,891
Community/Social Services	68	760	1,268
Computer/Mathematical	104	825	1,727
Construction/Extraction	304	1,615	3,240
Education/Training/Library	366	2,836	4,979
Farming/Fishing/Forestry	10	79	121
Food Preparation/Serving Related	342	2,515	4,545
Healthcare Practitioner/Technician	180	2,490	4,722
Healthcare Support	198	1,557	2,482
Installation/Maintenance/Repair	144	1,344	2,448
Legal	54	307	515
Life/Physical/Social Science	7	355	593
Management	416	4,400	8,663
Office/Administrative Support	298	3,673	7,529
Production	42	1,699	3,462
Protective Services	136	1,243	2,501
Sales/Related	492	4,924	8,819
Personal Care/Service	384	1,975	3,224
Transportation/Material Moving	371	2,441	4,143

Source: Environics Analytics

This source reports a population of 158,509 and 49,057 households within a five-mile radius of the subject site. The average household income within this radius is reported at \$135,926, while the median is \$107,362.

## Unemployment Statistics

The following table presents historical unemployment rates for the proposed subject hotel's market area.

**FIGURE 3-5 UNEMPLOYMENT STATISTICS**

Year	City	State	U.S.
2012	9.4 %	10.4 %	8.1 %
2013	8.0	8.9	7.4
2014	6.6	7.5	6.2
2015	5.4	6.2	5.3
2016	4.8	5.5	4.9
2017	4.1	4.8	4.4
2018	3.5	4.3	3.9
2019	3.3	4.0	3.7
2020	9.1	10.2	8.1
2021	5.8	7.3	5.4
<i>Recent Month - Feb</i>			
2021	6.8 %	8.9 %	6.2 %
2022	4.0	4.9	3.8

Source: U.S. Bureau of Labor Statistics

Prior to the pandemic, U.S. unemployment levels were firmly below the 4.6% level recorded in 2006 and 2007, the peak years of the economic cycle prior to the Great Recession. The unemployment rate for February 2020 was 3.5%. The unemployment rate had remained in the 3.5% to 3.7% range since April 2019, reflecting a trend of stability and strength of the U.S. economy. However, in April 2020, unemployment rose to 14.7%, and employment dropped by 20.7 million because of the COVID-19 pandemic. Steady declines in unemployment have been registered since April 2020; most recently, the national unemployment rate was 3.6% in April 2022. A roughly 428,000-person rise in employment was registered in both March and April of 2022. The most significant gains were reported in the leisure and hospitality, professional and business services, retail trade, and manufacturing industries.

Locally, the unemployment rate was 5.8% in 2021; for this same area in 2022, the most recent month's unemployment rate was registered at 4.0%, versus 6.8% for the same month in 2021. As illustrated in the foregoing table, unemployment declined in 2013, and this positive trend generally continued through 2019. Economic development officials noted that local employment last decade was

### Major Business and Industry

largely supported by the medical and tourism sectors, including healthy employment levels at major employers such as Abbott Laboratories and Temecula Valley Hospital. However, unemployment data from 2020 illustrate a sharp increase given the effects of the COVID-19 pandemic and related global economic crisis, which included massive furloughs/layoffs. Unemployment declined in 2021 as the economy began to rebound, and the most recent comparative period shows where the local market stands in 2022 relative to the same month of 2021, reflecting improvement given the strengthening economic conditions.

Providing additional context for understanding the nature of the regional economy, the following table presents a list of the major employers in the proposed subject property's market.

**FIGURE 3-6 MAJOR EMPLOYERS**

Rank	Firm	Number of Employees
1	Murrieta Valley Unified School District	2,315
2	Southwest Healthcare System	1,481
3	Loma Linda University Medical Center	1,037
4	County of Riverside	895
5	Target	341
6	Oak Grove Center	335
7	City of Murrieta	333
8	Walmart	320
9	Murrieta Health & Rehab Center	248
10	Sam's Club	212

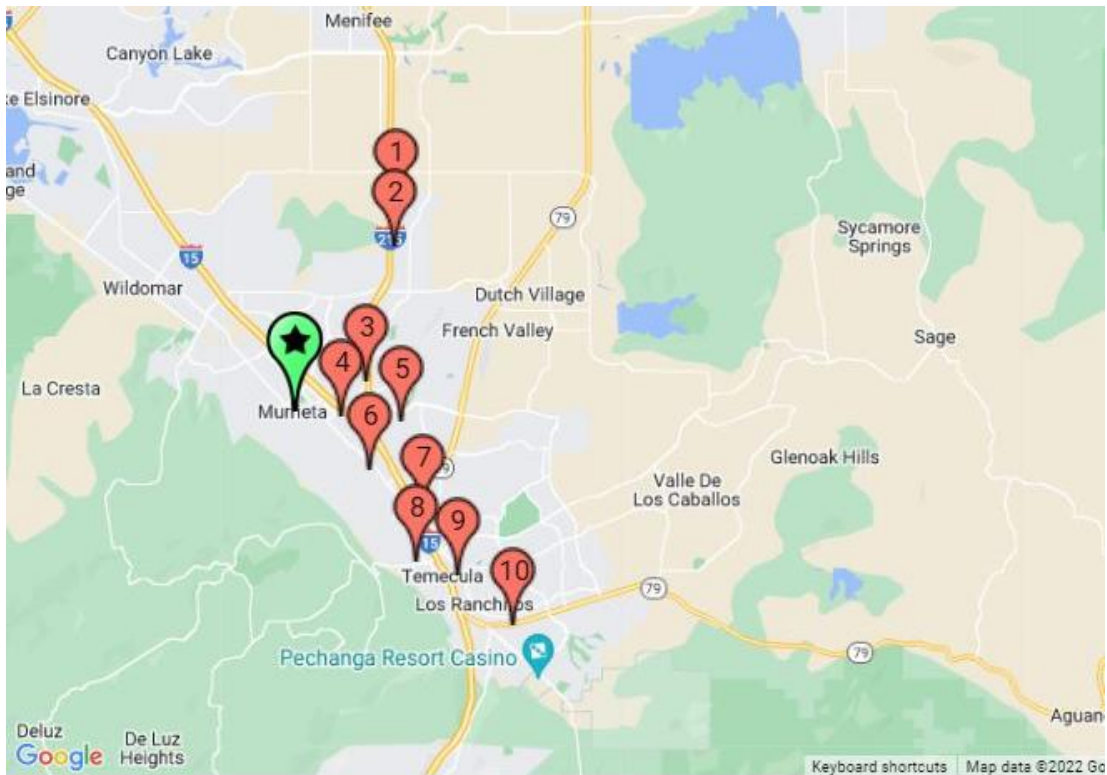
Source: City of Murrieta Annual Comprehensive Financial Report, 2021

The Temecula-Murrieta area is recognized for its residential growth, high quality of living, and overall affordability when compared with other regions of California. Most of the area's population commutes to work in other cities; however, commercial activity is expanding despite the impact of the COVID-19 pandemic, as the area's exposure and population continue to increase. As one of the largest employers in the area, Abbot Vascular (a division of Abbott Laboratories) focuses on the design and development of cardiovascular medical products. EMD Millipore, a division of the chemical and pharmaceutical company Merck, employs nearly 400 people at its Temecula locations. Additionally, the area's healthcare industry is anchored by several major hospitals in Murrieta: Kaiser Permanente Medical Center, Loma Linda University Health - Murrieta, Rady Children's Medical Center,

and Rancho Springs Medical Center. The City of Murrieta, spurred by government action, has focused on growing the medical and biomedical manufacturing sectors in recent years. Through the Murrieta Innovation Center, the local government supports ten medical technology-based businesses that may ultimately grow out of the space and into the local business community. Furthermore, in April 2021, Kaiser Permanente broke ground on an 88,900-square-foot ambulatory surgery center adjacent to the existing medical center. The surgery center is expected to bring approximately 200 jobs to Murrieta when completed by the end of 2022.

The Temecula-Murrieta area also benefits from its proximity to Marine Corps Base Camp Pendleton, the major West Coast base of the U.S. Marine Corps and one the largest military installations in the country. The 125,000-acre base hosts year-round trainings for the Marines and other branches of the military. According to market representatives, the Temecula-Murrieta area is home to a significant amount of government activity given its proximity to the base's north entrance. Lastly, tourism is typically a key economic driver, as the Temecula Valley Wine Country is home to nearly 70 vineyards that grow and produce over 50 varieties of wine; about 30 of the vineyards typically offer tours, tasting rooms, gift shops, and event space, attracting thousands of visitors each year. Although many employers in the market temporarily reduced staffing and/or suspended operations following the onset of the COVID-19 pandemic in March 2020, an economic recovery began in June 2021 when regulations began to be lifted; moreover, tourism rebounded rapidly during the summer of 2021. The return of international travel, increasing convention activity, and improving office-space occupancy should bolster the economic recovery going forward.

## DEMAND GENERATORS MAP



	<u>Demand Generator</u>	<u>Approx. Time from Subject Property</u>	<u>Approx. Distance</u>
	Subject Property		
1	Kaiser Permanente	15 minutes	8.7 miles
2	Loma Linda University Health - Murrieta	15 minutes	6.4 miles
3	Rady Childrens Hospital	6 minutes	2.5 miles
4	Rancho Springs Medical Center	6 minutes	2.3 miles
5	Azusa Pacific University - Murrieta Regional Center	9 minutes	2.9 miles
6	Murrieta Innovation Center	6 minutes	3.1 miles
7	Abbott Vascular Inc	12 minutes	5.0 miles
8	EMD Millipore	12 minutes	7.0 miles
9	Old town Temecula	12 minutes	6.8 miles
10	Temecula Wineries	15 minutes	9.7 miles

### Office Space Statistics

Trends in occupied office space are typically among the most reliable indicators of lodging demand, as firms that occupy office space often exhibit a strong propensity to attract commercial visitors. Thus, trends that cause changes in vacancy rates or occupied office space may have a proportional impact on commercial lodging demand and a less direct effect on meeting demand. The following table details office space statistics for the pertinent market area.

**FIGURE 3-7 OFFICE SPACE STATISTICS – MARKET OVERVIEW**

Submarket	Inventory		Occupied Office Space	Vacancy Rate	Average Asking Lease Rate
	Buildings	Square Feet			
1 Chino/Montclair/Upland	30	1,268,000	1,130,000	10.9 %	\$22.84
2 Colton/Redlands/San Bernardino	105	5,483,000	4,302,000	21.5	21.81
3 Corona/Riverside/Moreno Valley	124	5,909,000	5,010,000	15.2	24.85
4 Palm Springs/Palm Desert	65	1,154,000	949,000	17.8	22.04
5 Rancho Cucamonga/Ontario/Fontana	106	4,672,000	3,820,000	18.2	25.18
<b>6 Temecula Valley/Murrieta</b>	<b>48</b>	<b>1,153,000</b>	<b>987,000</b>	<b>14.4</b>	<b>23.53</b>
<b>Totals and Averages</b>	<b>478</b>	<b>19,639,000</b>	<b>16,198,000</b>	<b>17.5 %</b>	<b>\$23.71</b>

Source: REIS Report, 4th Quarter, 2021

The greater San Bernardino/Riverside market comprises a total of 19.6 million square feet of office space. For the 4th Quarter of 2021, the market reported a vacancy rate of 17.5% and an average asking rent of \$23.71. The subject property is located in the Temecula Valley/Murrieta submarket, which houses 1,153,000 square feet of office space. The submarket's vacancy rate of 14.4% is below the overall market average. The average asking lease rate of \$23.53 is on par with the average for the broader market.

The following table illustrates a trend of office space statistics for the overall San Bernardino/Riverside market and the Temecula Valley/Murrieta submarket.



**FIGURE 3-8 HISTORICAL AND PROJECTED OFFICE SPACE STATISTICS – GREATER MARKET VS. SUBMARKET**

Year	San Bernardino/Riverside Market							Temecula Valley/Murrieta Submarket						
	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg	Available Office Space	% Chg	Occupied Office Space	% Chg	Vacancy Rate	Asking Lease Rate	% Chg
2009	19,972,000	—	14,920,000	—	25.3 %	\$21.97	—	1,105,000	—	817,000	—	26.1 %	\$21.85	—
2010	19,944,000	(0.1) %	15,182,000	1.8 %	23.9	21.36	(2.8) %	1,105,000	0.0 %	854,000	4.5 %	22.7	21.37	(2.2) %
2011	19,781,000	(0.8)	15,190,000	0.1	23.2	21.33	(0.1)	1,105,000	0.0	857,000	0.4	22.4	20.85	(2.4)
2012	19,713,000	(0.3)	15,320,000	0.9	22.3	21.28	(0.2)	1,105,000	0.0	869,000	1.4	21.4	20.43	(2.0)
2013	19,713,000	0.0	15,522,000	1.3	21.3	21.24	(0.2)	1,105,000	0.0	876,000	0.8	20.7	20.43	0.0
2014	19,607,000	(0.5)	15,456,000	(0.4)	21.2	21.54	1.4	1,153,000	4.3	921,000	5.1	20.1	21.35	4.5
2015	19,640,000	0.2	15,746,000	1.9	19.8	21.89	1.6	1,153,000	0.0	949,000	3.0	17.7	21.96	2.9
2016	19,411,000	(1.2)	16,050,000	1.9	17.3	22.02	0.6	1,153,000	0.0	971,000	2.3	15.8	22.38	1.9
2017	19,441,000	0.2	16,143,000	0.6	17.0	22.51	2.2	1,153,000	0.0	987,000	1.6	14.4	23.33	4.2
2018	19,441,000	0.0	16,180,000	0.2	16.8	22.93	1.9	1,153,000	0.0	1,015,000	2.8	12.0	23.83	2.1
2019	19,461,000	0.1	16,240,000	0.4	16.6	23.23	1.3	1,153,000	0.0	1,009,000	(0.6)	12.5	23.91	0.3
2020	19,608,000	0.8	16,133,000	(0.7)	17.7	23.45	0.9	1,153,000	0.0	997,000	(1.2)	13.5	23.55	(1.5)
2021	19,639,000	0.2	16,198,000	0.4	17.5	23.71	1.1	1,153,000	0.0	987,000	(1.0)	14.4	23.53	(0.1)
<b>Forecasts</b>														
2022	19,639,000	0.0 %	16,130,000	(0.4) %	17.9 %	23.73	0.1 %	1,153,000	0.0 %	1,007,000	2.0 %	12.6 %	23.70	0.7 %
2023	19,724,000	0.4	16,184,000	0.3	18.0	24.00	1.1	1,163,000	0.9	1,026,000	1.9	11.8	24.43	3.1
2024	19,925,000	1.0	16,366,000	1.1	17.9	24.30	1.3	1,173,000	0.9	1,046,000	1.9	10.8	25.28	3.5
2025	20,158,000	1.2	16,593,000	1.4	17.7	24.62	1.3	1,183,000	0.9	1,064,000	1.7	10.0	26.27	3.9
2026	20,330,000	0.9	16,763,000	1.0	17.5	24.96	1.4	1,193,000	0.8	1,083,000	1.8	9.2	27.33	4.0
<b>Average Annual Compound Change</b>														
2009 - 2021		(0.1) %		0.7 %			0.6 %		0.4 %		1.6 %			0.6 %
Forecast 2022 - 2026		0.9 %		1.0 %			1.3 %		0.9 %		1.8 %			3.6 %

Source: REIS Report, 4th Quarter, 2021

The level of occupied office space is forecast to initially increase in this San Bernardino/Riverside market, to roughly 1,000,000 square feet in 2022. Occupied office space recovers to 1,000,000 by 2026. According to REIS, the Temecula/Murrieta office submarket is one of the strongest office markets in the greater San Bernardino and Riverside counties market. This submarket is supported by several major office users, including Abbott Laboratories, Infineon Technologies, and Millipore Sigma. Per REIS, as a result of the ongoing COVID-19 pandemic, vacancy rates increased in 2020 and 2021, and asking lease rates declined those years; however, vacancy rates are expected to drop in 2022 as restrictions related to COVID-19 continue to be lifted and businesses return to offices. Accordingly, asking lease rates are expected to recover and surpass 2019 levels by 2023.

### Airport Traffic

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area.

John Wayne Airport (SNA) is located in Orange County, California, between the cities of Santa Ana, Newport Beach, Costa Mesa, and Irvine. The airport serves both general and commercial aviation needs for the area. SNA is serviced by a variety of major commercial and commuter airlines. The airport features one main terminal that is divided into two concourses. A separate terminal provides services and facilities for the general aviation needs of the airport. The Airport Improvement Program, one of Orange County's largest-ever public works projects, began in 2008 and was completed in early 2011; projects included adding a third terminal, approximately 2,000 parking spaces, and additional concessions and amenities for passengers. In addition, a new \$8.8-million, in-line baggage-handling system opened at Terminal C in late 2011, enhancing airport security while streamlining the ticketing and boarding process for passengers. A new cell-phone waiting lot with 18 designated spaces was completed in September 2015. A renovation of Riley Terminals A and B was completed in late 2018 and included upgrades to the roof, carpeting, and lighting, along with the addition of a nursing-mothers' room and ADA improvements.

The following table illustrates recent operating statistics for the John Wayne Airport, which is the primary airport facility serving the proposed subject hotel's submarket.

**FIGURE 3-9 AIRPORT STATISTICS - JOHN WAYNE AIRPORT**

Year	Passenger Traffic	Percent Change*	Percent Change**
2012	8,857,944	—	—
2013	9,232,789	4.2 %	4.2 %
2014	9,386,033	1.7	2.9
2015	10,038,466	7.0	4.3
2016	10,496,511	4.6	4.3
2017	10,423,578	(0.7)	3.3
2018	10,664,038	2.3	3.1
2019	10,656,986	(0.1)	2.7
2020	3,794,850	(64.4)	(10.1)
2021	7,700,489	102.9	(1.5)
<i>Year-to-date, Mar</i>			
2021	808,088	—	—
2022	2,264,569	180.2 %	—

\*Annual average compounded percentage change from the previous year

\*\*Annual average compounded percentage change from first year of data

Source: John Wayne Airport

This facility recorded 7,700,489 passengers in 2021. The change in passenger traffic between 2020 and 2021 was 102.9%. The average annual change during the period shown was -1.5%. Passenger traffic remained strong prior to the pandemic; however, data for 2020 illustrate a decline given the impact of the COVID-19 pandemic and the travel restrictions that were implemented. The year-end 2021 data show that passenger traffic significantly increased from 2020 levels. Moreover, on November 8, 2021, travel restrictions were lifted for fully vaccinated international visitors to the United States. The upward trend has continued thus far in 2022, per the latest statistics. Passenger volume should continue to recover and improve now that most travel restrictions have been rescinded and economic activity has begun to rebound.

### Tourist Attractions

The subject market benefits from a variety of tourism and leisure attractions in the area. Leisure demand generators include wineries in Temecula, Old Town Temecula, and Pechanga Resort & Casino (developed by the Pechanga Band of Luiseño Indians). In March 2018, Pechanga Resort & Casino's \$285-million expansion project opened. The expansion includes a 568-room hotel wing, a two-story spa, and a 67,000-square-foot event center. Special events in the area typically play a role during key weekends, such as the Temecula Valley Balloon & Wine

Festival and Temecula Valley International Film Festival. We note that many of the tourist attractions and entertainment venues temporarily closed or enacted visitor restrictions because of the COVID-19 pandemic. However, as of the date of this report, area attractions are open; moreover, events are scheduled for 2022.

## TEMECULA WINE COUNTRY

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### Conclusion

This section discussed a wide variety of economic indicators for the pertinent market area. Prior to the onset of the COVID-19 pandemic and the corresponding economic crisis, Temecula was experiencing a period of economic strength and expansion, primarily led by the tech, manufacturing, and retail industries. Our market interviews and research revealed that among these industries, tourism was the most affected by the pandemic, while the remaining industries have remained strong overall. However, the COVID-19 pandemic continues to affect the local market, resulting in decreased business activity, inclusive of the hospitality industry. Nevertheless, as of May 2022, the majority of restrictions related to containing the spread of COVID-19 have been rescinded as the pandemic situation continues to improve; thus, while the near-term outlook for the market is best described as one of caution at this time, the long-term outlook is more optimistic.

## 4. Supply and Demand Analysis

In the lodging industry, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. Supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand toward equilibrium results in a prevailing price, or average daily rate (ADR). The purpose of this section is to investigate current supply and demand trends, as indicated by the current competitive market, and to set forth a basis for the projection of future supply and demand growth.

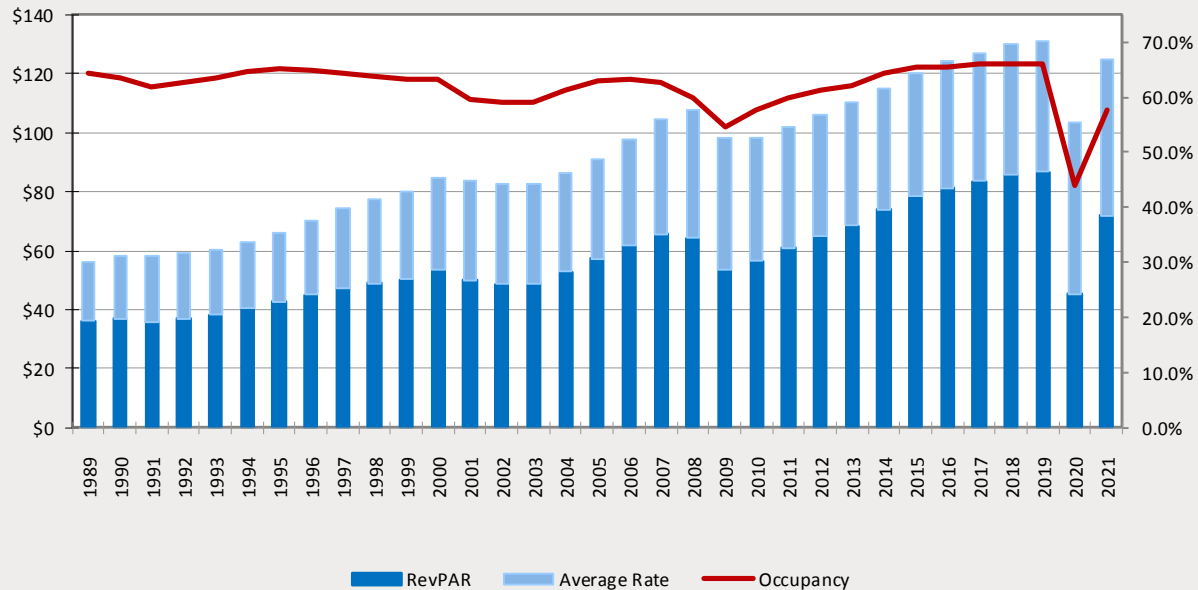
### Definition of Subject Hotel Market

The three sites under consideration for this study are located in the greater Temecula-Murrieta lodging market. Within this greater market, the proposed subject hotel is expected to compete with a smaller set of hotels based on various factors, such as product offering, location, and price.

### National Trends Overview

A hotel's local lodging market is most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the proposed subject hotel's competitive set.

STR is an independent research firm that compiles data on the lodging industry, and this information is routinely used by typical hotel buyers. The following STR diagram presents annual hotel occupancy, average daily rate (ADR), and rooms revenue per available room (RevPAR) data since 1989. RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

**FIGURE 4-1 NATIONAL OCCUPANCY, AVERAGE RATE, AND REVPAR TRENDS**

Source: STR

The preceding chart illustrates the impact of the recessions of the early 1990s, 2000s, the financial crisis of 2008/09, and the recent pandemic on the U.S. lodging industry. In each case, the downturn caused lodging demand to drop, resulting in an occupancy decline. The aggregate average rate (ADR) also fell, as hoteliers used price as a marketing tool to attract demand and support occupancy levels. As occupancy recovered, ADR growth resumed, although the ADR recovery lagged somewhat behind occupancy levels, as price discounts contributed to the initial recovery of demand. Following the financial crisis of the Great Recession, occupancy fell by over eight points, and ADR declined by 5.9%, resulting in an 18.3% decrease in RevPAR. The market recovered steadily thereafter, with occupancy surpassing the 65.0% mark in 2015, and average rates also consistently growing, albeit at a decelerating pace.

**FIGURE 4-2 NATIONAL OCCUPANCY AND ADR TRENDS: 2019, 2020, 2021**

	Occupancy					Average Rate					RevPAR					Percent Change	
	2019	2020	% Change	2021	% Change	2019	2020	% Change	2021	% Change	2019	2020	% Change	2021	% Change	Rms. Avail.	Rms. Sold
United States	66.0 %	44.0 %	(33.3) %	57.7 %	31.1 %	\$131.23	\$103.25	(21.3) %	\$124.68	20.7 %	\$86.64	\$45.48	(47.5) %	\$71.88	58.2 %	5.2 %	37.8 %
Region																	
New England	64.7 %	38.8 %	(40.1) %	55.7 %	44.4 %	\$161.08	\$123.17	(23.5) %	\$156.04	25.8 %	\$104.25	\$47.77	(54.2) %	\$86.93	81.6 %	5.6 %	52.5 %
Middle Atlantic	69.0	41.3	(40.1)	55.4	34.1	166.27	115.26	(30.7)	143.60	24.1	114.81	47.65	(58.5)	79.52	66.4	4.8	40.6
South Atlantic	67.5	45.7	(32.2)	59.9	31.2	128.41	107.99	(15.9)	130.29	20.7	86.68	49.40	(43.0)	78.08	58.3	6.2	39.3
E. North Central	61.1	39.1	(36.0)	52.4	34.2	112.64	86.72	(23.0)	105.15	20.6	68.82	33.93	(50.7)	55.11	61.9	4.5	40.2
E. South Central	62.4	45.7	(26.8)	59.5	30.6	103.58	85.74	(17.2)	104.49	21.8	64.61	39.18	(39.4)	62.21	59.0	3.1	34.6
W. North Central	58.3	39.1	(32.9)	51.1	31.1	99.28	83.65	(15.7)	97.01	15.7	57.88	32.72	(43.5)	49.58	51.7	2.4	34.3
W. South Central	62.6	44.9	(28.2)	58.2	29.7	101.84	82.88	(18.6)	95.84	15.8	63.77	37.25	(41.6)	55.73	50.1	3.4	34.0
Mountain	66.9	46.7	(30.1)	59.6	28.2	121.89	105.70	(13.3)	124.82	18.5	81.54	49.39	(39.4)	74.44	51.9	6.3	36.3
Pacific	73.6	47.1	(36.0)	60.3	27.6	171.40	129.57	(24.4)	157.57	22.1	126.16	61.01	(51.6)	94.97	55.8	7.2	36.8
Class																	
Luxury	70.9 %	36.8 %	(48.1) %	52.3 %	42.0 %	\$304.11	\$285.78	(6.0) %	\$342.63	19.7 %	\$215.73	\$105.29	(51.2) %	\$179.24	70.0 %	18.3 %	68.0 %
Upper-Upscale	72.6	34.8	(52.1)	49.8	43.4	188.24	159.14	(15.5)	179.35	12.6	136.67	55.30	(59.5)	89.39	61.5	13.3	62.5
Upscale	71.5	42.8	(40.1)	59.3	38.8	143.60	117.80	(18.0)	133.72	13.4	102.68	50.45	(50.9)	79.35	57.4	7.1	48.6
Upper-Midscale	67.5	45.3	(32.9)	61.1	35.1	115.91	98.80	(14.8)	114.82	16.1	78.20	44.72	(42.8)	70.20	56.8	4.2	40.7
Midscale	59.5	44.4	(25.4)	57.0	28.8	95.82	84.47	(11.8)	99.25	17.9	57.03	37.52	(34.2)	56.59	51.8	2.5	32.0
Economy	59.4	49.2	(17.1)	58.8	20.0	75.50	65.45	(13.3)	77.94	18.1	44.83	32.30	(28.2)	45.83	41.8	0.0	20.0
Location																	
Urban	73.2 %	37.9 %	(48.2) %	51.8 %	35.9 %	\$183.20	\$127.80	(30.2) %	\$153.22	20.2 %	\$134.12	\$48.47	(63.9) %	\$79.30	63.3 %	9.9 %	49.4 %
Suburban	66.7	46.4	(30.4)	60.0	29.3	111.26	88.81	(20.2)	104.76	17.9	74.24	41.24	(44.4)	62.88	52.5	3.5	33.9
Airport	73.7	44.5	(39.6)	60.5	35.8	119.22	93.71	(21.4)	104.53	11.4	87.85	41.72	(52.5)	63.20	51.3	2.8	39.5
Interstate	57.9	44.8	(22.7)	57.8	29.5	87.86	79.05	(10.0)	92.05	16.6	50.85	35.39	(30.4)	53.22	50.9	2.0	32.1
Resort	70.0	42.9	(38.6)	57.9	35.4	182.74	170.36	(6.8)	208.73	22.4	127.85	73.13	(42.8)	120.93	65.7	14.3	54.7
Small Town	57.8	44.4	(23.1)	57.0	28.9	107.26	96.95	(9.6)	116.63	20.0	61.98	43.07	(30.5)	66.43	54.8	2.0	31.6
Chain Scale																	
Luxury	73.8 %	32.0 %	(56.7) %	47.8 %	49.7 %	\$343.02	\$329.54	(3.9) %	\$383.64	16.1 %	\$253.17	\$105.40	(58.4) %	\$183.44	73.8 %	23.2 %	84.3 %
Upper-Upscale	73.9	33.4	(54.8)	48.7	45.6	189.25	158.86	(16.1)	175.87	10.8	139.80	53.10	(62.0)	85.69	61.3	14.7	67.0
Upscale	72.6	43.0	(40.7)	59.7	38.9	142.38	115.11	(19.2)	128.58	11.7	103.32	49.52	(52.1)	76.75	55.1	6.8	48.4
Upper-Midscale	67.5	45.4	(32.7)	61.6	35.9	112.80	96.04	(14.9)	111.18	15.8	76.14	43.61	(42.7)	68.53	57.3	4.2	41.6
Midscale	58.1	44.2	(23.8)	56.6	28.1	86.61	77.29	(10.8)	89.42	15.7	50.30	34.19	(32.0)	50.61	48.2	1.5	30.1
Economy	58.7	50.9	(13.2)	59.7	17.6	63.70	58.21	(8.6)	66.80	14.8	37.36	29.64	(20.7)	39.89	35.0	(1.3)	16.0
Independents	63.5	44.8	(29.5)	57.2	28.2	133.08	110.74	(16.8)	137.78	24.8	84.44	49.56	(41.3)	78.87	60.0	4.6	34.1

Source: STR - December 2020 and December 2021 Lodging Reviews



The onset of the COVID-19 pandemic in March 2020 had a severe impact on the lodging industry, causing occupancy, ADR, and RevPAR to decline by unprecedented levels. The impact on the national lodging industry peaked mid-April; for the week ending April 11, 2020, STR reported that national RevPAR was 83.6% lower than the level recorded for the same week in 2019. By the conclusion of 2020, occupancy had declined 22 points, with ADR decreasing by roughly \$28.00, resulting in a RevPAR loss of 48.0% (rounded). The sharp downturn in travel caused by COVID-19 continued into early 2021, as the months of January and February 2020 were not notably affected by the pandemic.

Since the 2020 onset of the pandemic, hotels that derive a significant component of their demand from the larger group and convention segment have been hit the hardest, followed by properties in markets with a high proportion of business and international travel. For this reason, the major metropolitan areas reported deep RevPAR declines through the first half of 2021. Hotels in locations that depend primarily on automobile traffic have fared better (including drive-to leisure destinations), and the extended-stay category has also outperformed the national average, fueling the illustrated 2021 recovery. Gaining traction in the summer of 2021, group demand showed signs of recovery, albeit at a slower pace. Accordingly, by the end of 2021, nationwide occupancy had rebounded to nearly 58.0%, with ADR reaching roughly \$125, representing a RevPAR gain of 58.0% (rounded).

Vaccine boosters are now widely available, and although COVID cases related to the Omicron variant increased in December 2021 and January 2022, the most recent infections are reportedly diminishing in severity. More corporations and institutions are beginning to return to office spaces, at least in some capacity. Furthermore, group travel is expected to recover as participants feel increasingly comfortable gathering in larger numbers. Accordingly, hotel owners, operators, and investors generally anticipate the hospitality sector to recover at an accelerating pace, as vaccines, medical therapies, and public confidence support a return of travel. The overall economic upswing is expected to continue through 2022, with national RevPAR anticipated to exceed the level achieved in 2019 by the end of this year.



**FIGURE 4-3 RECENT NATIONAL OCCUPANCY AND ADR TRENDS**

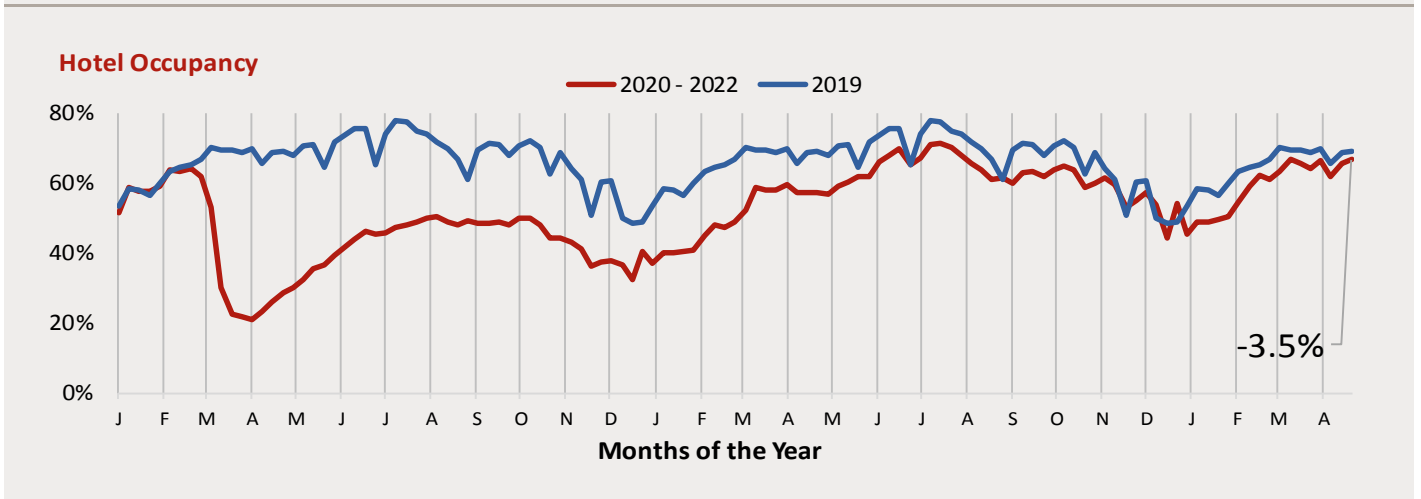
	Occupancy - YTD March			Average Rate - YTD March			RevPAR - YTD March			Percent Change	
	2021	2022	% Change	2021	2022	% Change	2021	2022	% Change	Rms. Avail.	Rms. Sold
United States	46.2 %	56.2 %	21.6 %	\$99.73	\$137.13	37.5 %	\$46.07	\$77.06	67.2 %	4.0 %	26.4 %
Region											
New England	38.4 %	51.3 %	33.5 %	\$100.00	\$136.61	36.6 %	\$38.41	\$70.08	82.4 %	4.7 %	39.8 %
Middle Atlantic	39.8	49.6	24.5	102.00	138.20	35.5	40.61	68.52	68.7	9.7	36.6
South Atlantic	51.3	61.3	19.3	114.10	154.63	35.5	58.58	94.73	61.7	4.0	24.1
E. North Central	38.7	47.4	22.5	81.64	103.99	27.4	31.58	49.27	56.0	4.4	27.9
E. South Central	48.4	56.1	16.0	82.86	106.59	28.6	40.09	59.81	49.2	2.3	18.7
W. North Central	38.0	45.7	20.2	80.51	97.62	21.3	30.62	44.61	45.7	1.0	21.4
W. South Central	50.8	58.4	14.8	80.28	107.14	33.5	40.82	62.54	53.2	1.8	16.9
Mountain	48.2	59.7	23.7	106.18	149.44	40.7	51.21	89.17	74.1	2.0	26.1
Pacific	46.4	60.4	30.3	115.63	172.64	49.3	53.64	104.32	94.5	5.9	37.9
Class											
Luxury	36.2 %	54.3 %	49.9 %	\$297.15	\$375.86	26.5 %	\$107.64	\$204.10	89.6 %	10.5 %	65.7 %
Upper-Upscale	34.5	53.2	54.0	142.55	196.53	37.9	49.25	104.59	112.4	11.4	71.5
Upscale	47.2	59.6	26.4	107.14	143.06	33.5	50.55	85.33	68.8	5.5	33.4
Upper-Midscale	49.7	59.0	18.7	92.67	118.79	28.2	46.06	70.09	52.2	3.4	22.7
Midscale	45.9	53.1	15.6	80.83	99.86	23.5	37.11	53.02	42.9	0.6	16.4
Economy	50.8	54.5	7.4	63.62	77.11	21.2	32.31	42.06	30.2	(0.6)	6.8
Location											
Urban	38.3 %	52.5 %	37.0 %	\$111.21	\$165.73	49.0 %	\$42.60	\$86.97	104.2 %	12.3 %	53.9 %
Suburban	49.6	58.3	17.5	83.94	112.57	34.1	41.65	65.66	57.6	2.2	20.1
Airport	49.2	63.4	28.8	86.40	119.93	38.8	42.53	76.05	78.8	2.1	31.5
Interstate	46.8	53.0	13.4	78.18	92.92	18.9	36.58	49.29	34.8	1.1	14.6
Resort	44.4	61.7	38.9	184.42	250.38	35.8	81.85	154.38	88.6	6.8	48.4
Small Town	45.8	51.4	12.2	93.39	112.81	20.8	42.77	57.95	35.5	1.1	13.5
Chain Scale											
Luxury	30.8 %	54.0 %	75.5 %	\$375.84	\$454.65	21.0 %	\$115.66	\$245.52	112.3 %	13.8 %	99.6 %
Upper-Upscale	32.7	53.2	62.6	142.67	199.36	39.7	46.67	106.04	127.2	12.4	82.7
Upscale	47.7	60.3	26.5	104.35	139.93	34.1	49.73	84.39	69.7	5.8	33.9
Upper-Midscale	50.1	59.4	18.6	90.78	115.58	27.3	45.50	68.70	51.0	3.9	23.3
Midscale	45.7	52.3	14.3	74.82	90.40	20.8	34.21	47.27	38.2	0.2	14.5
Economy	52.4	55.5	5.9	57.62	67.61	17.3	30.18	37.52	24.3	(2.2)	3.6
Independents	45.9	54.2	18.1	109.54	146.82	34.0	50.30	79.64	58.3	3.1	21.8

Source: STR - March 2022 Lodging Review

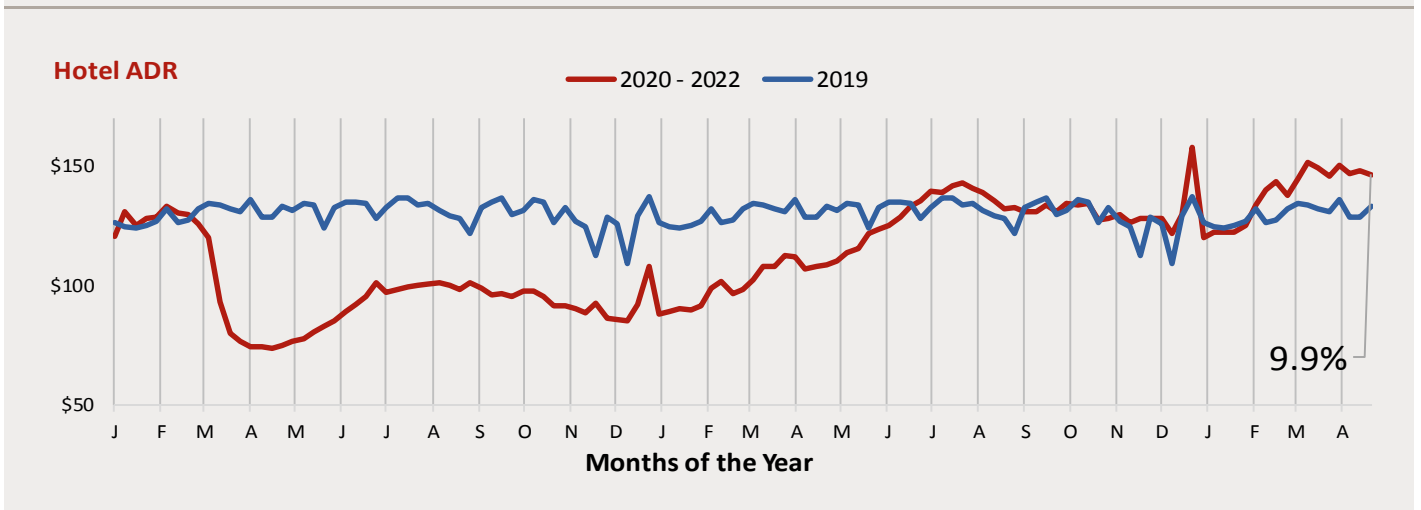
To further understand the nature and degree of the impact of the pandemic thus far, we have reviewed the following weekly data for the U.S. lodging industry, as published by STR. The data reflect that nationwide occupancy is still lagging the 2019 levels, due primarily to group demand being significantly lower than pre-

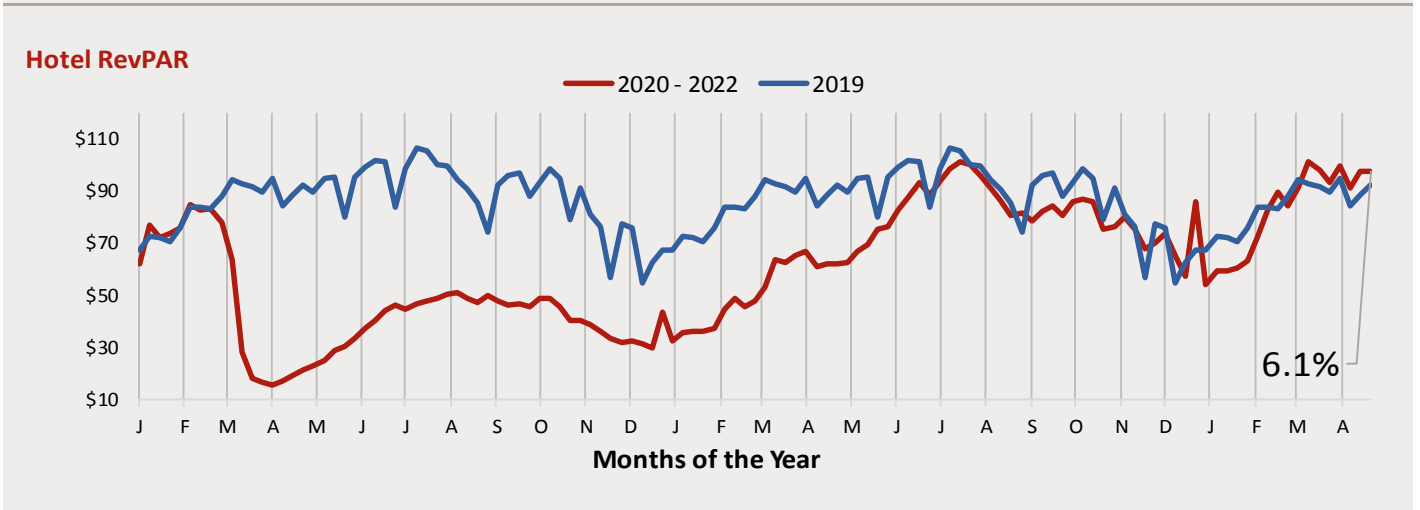
pandemic levels; moreover, the Omicron variant caused some pullback in business and group travel in early January 2022. However, demand and occupancy rebounded shortly thereafter, with ADR levels now in the \$140 to \$150 range as of April 2022. Accordingly, ADR has essentially fully recovered and is expected to move well beyond the 2019 level as 2022 progresses, due in large part to higher-rated leisure demand.

**FIGURE 4-4 NATIONAL OCCUPANCY TRENDS – WEEKLY DATA**



**FIGURE 4-5 NATIONAL ADR TRENDS – WEEKLY DATA**



**FIGURE 4-6 NATIONAL REVPAR TRENDS – WEEKLY DATA**

#### Historical Supply and Demand Data

STR is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for a group of hotels considered applicable to this analysis for the proposed subject hotel. This information is presented in the following table, along with the market-wide occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

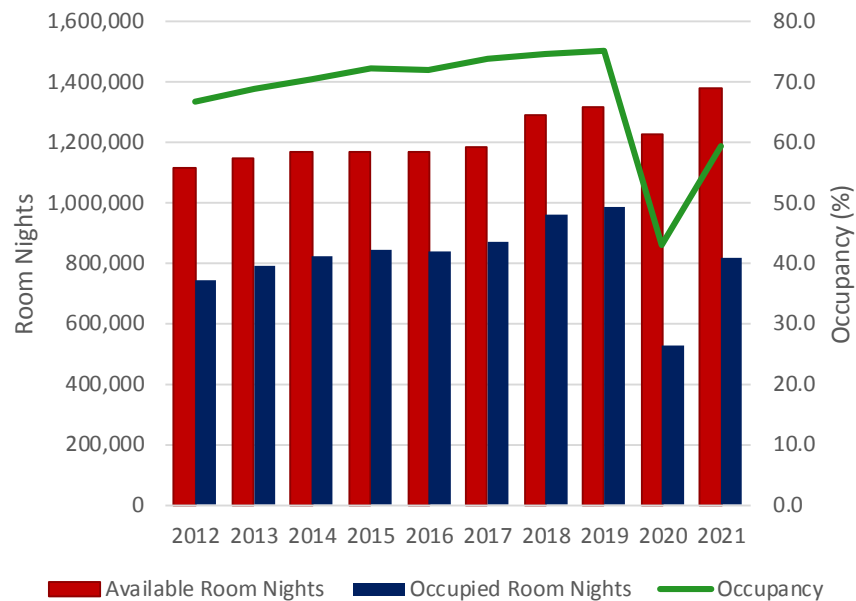
In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed; however, key management and maintenance staff were retained to preserve the property and prepare for reopening. Nine hotels in the greater set of full-service hotels suspended operations because of the COVID-19 pandemic; however, all have since reopened. Our analysis considers the full supply of competitive rooms, including any hotels that may have temporarily suspended operations. We note that the STR data and our analysis reflect the competitive market's adjusted occupancy upon the suspension of operations and/or the reopening of select competitive hotels within this set.

**FIGURE 4-7 HISTORICAL SUPPLY AND DEMAND TRENDS**

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2009	2,936	1,071,640	—	660,993	—	61.7 %	\$129.75	—	\$80.03	—
2010	2,936	1,071,640	0.0 %	719,483	8.8 %	67.1	127.82	(1.5) %	85.81	7.2 %
2011	2,936	1,071,640	0.0	728,318	1.2	68.0	136.12	6.5	92.51	7.8
2012	3,057	1,115,940	4.1	743,840	2.1	66.7	142.24	4.5	94.81	2.5
2013	3,144	1,147,560	2.8	790,425	6.3	68.9	145.48	2.3	100.21	5.7
2014	3,200	1,168,000	1.8	822,002	4.0	70.4	157.37	8.2	110.75	10.5
2015	3,200	1,168,000	0.0	844,070	2.7	72.3	165.24	5.0	119.41	7.8
2016	3,200	1,168,122	0.0	839,058	(0.6)	71.8	168.95	2.2	121.36	1.6
2017	3,235	1,180,781	1.1	872,356	4.0	73.9	172.73	2.2	127.61	5.2
2018	3,535	1,290,114	9.3	960,460	10.1	74.4	178.27	3.2	132.72	4.0
2019	3,607	1,316,465	2.0	987,086	2.8	75.0	183.19	2.8	137.36	3.5
2020	3,350	1,222,738	(7.1)	526,094	(46.7)	43.0	155.98	(14.9)	67.11	(51.1)
2021	3,769	1,375,669	12.5	817,250	55.3	59.4	184.87	18.5	109.82	63.6
<b>Year-to-Date Through March</b>										
2021	3,613	325,170	—	127,156	—	39.1 %	\$137.20	—	\$53.65	—
2022	3,819	343,710	5.7 %	209,204	64.5 %	60.9	194.66	41.9 %	118.48	120.8 %
Average Annual Compounded Change:										
2009 – 2019			2.1 %	4.1 %			3.5 %			5.6 %
2009 – 2020			1.2	(2.1)			1.7			(1.6)

Hotels Included in Sample	Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened
Westin Carlsbad Resort & Spa	Upper Upscale Class	Secondary	208	Apr 2021	Aug 2018
The Cassara Carlsbad, Tapestry Collection by Hilton	Upscale Class	Secondary	119	Jun 2020	Jun 1998
Sheraton Hotel Carlsbad Resort & Spa	Upper Upscale Class	Secondary	169	Jun 2020	Feb 2008
Cape Rey Carlsbad, a Hilton Resort	Upper Upscale Class	Secondary	215	Jun 2012	Jun 2012
Tribute Portfolio The Inn At Rancho Santa Fe	Upper Upscale Class	Secondary	80	May 2017	Jun 1924
Rancho Bernardo Inn	Luxury Class	Secondary	287	May 2020	Jun 1962
DoubleTree by Hilton Hotel San Bernardino	Upscale Class	Secondary	251	Jul 2015	Jul 1972
Marriott Riverside	Upper Upscale Class	Secondary	293	Jun 2020	Apr 1987
The Mission Inn Hotel & Spa	Luxury Class	Secondary	238	Jun 1903	Jun 1903
Embassy Suites by Hilton Temecula Valley Wine Country	Upper Upscale Class	Primary	176	Jul 1993	Jun 1990
Carter Hospitality Winery Resorts	Luxury Class	Primary	192	Jun 2020	May 2004
Temecula Creek Inn	Luxury Class	Primary	125	Jul 2020	Jun 1969
Marriott Irvine	Upper Upscale Class	Secondary	496	Jul 1983	Jul 1983
DoubleTree by Hilton Hotel Irvine Spectrum	Upscale Class	Secondary	252	Jul 1999	Jul 1999
Marriott Irvine Spectrum	Upper Upscale Class	Secondary	271	Dec 2017	Dec 2017
Ascend Collection The Hills Hotel	Upscale Class	Secondary	148	Jun 2020	Jan 1977
Renaissance ClubSport Aliso Viejo Laguna Beach Hotel	Upper Upscale Class	Secondary	174	Jun 2020	Jul 2008
<b>Total</b>			<b>3,819</b>		

Source: STR

**FIGURE 4-8 HISTORICAL SUPPLY AND DEMAND TRENDS (STR)**

It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample; furthermore, not every property reports data in a consistent and timely manner. These factors can influence the overall quality of the information by skewing the results, and these inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel in the previous table.

The STR data for the competitive set reflect a market-wide occupancy level of 2021 in 59.4%, which compares to 43.0% for 2020. The STR data for the competitive set reflect a market-wide ADR level of \$184.87 in 2021, which compares to \$155.98 for 2020. These occupancy and ADR trends resulted in a RevPAR level of \$109.82 in 2021.

As there are a limited number of full-service hotels within the Temecula-Murrieta market, we have included full-service properties in the surrounding markets of North County San Diego, as well as Riverside and Orange counties, to get a better understanding of the operating performance of full-service hotels in the region. We have considered these full-service hotels in the surrounding markets collectively as a composite secondary set. Prior to 2020, both occupancy and ADR for this set of

full-service hotels generally followed a strengthening trend, with RevPAR increasing year-over-year from 2010 through 2019 despite new supply opening in 2017 and 2018. In March 2020, the COVID-19 pandemic began to affect the local market, similar to the rest of the nation, resulting in decreased business activity, inclusive of the hospitality and manufacturing industries. The 2020 data illustrate a significant decline in occupancy and a roughly \$27 loss in ADR. By year-end 2021, occupancy had begun its recovery towards pre-pandemic levels, gaining traction in the latter half of the year after the wide distribution of vaccines. By year-end 2021, ADR had just surpassed 2019 levels. Year-to-date data through March 2022 reflects a continuation of this recovery trend. While the pandemic will continue to affect business and larger-scale groups to some degree in the near term, the overall outlook is optimistic given the dynamics of this market, the return to office operations, and the increase in group demand.

### Competitive Supply

The following table summarizes the important operating characteristics of the future primary competitors and the aggregate secondary competitors (as applicable). This information was compiled from personal interviews, inspections, online resources, and our in-house database of operating and hotel facility data. In cases where exact operating data for an individual property (or properties) were not available, we have used these resources, as well as the STR data, to estimate positioning within the market.

**FIGURE 4-9 PRIMARY COMPETITORS – OPERATING PERFORMANCE**

Property	Est. Segmentation				Estimated 2019				Estimated 2021					
	Number of Rooms	Commercial	Leisure	Group	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Embassy Suites Temecula Valley Wine Country	176	35 %	40 %	25 %	176	85 - 90 %	\$140 - \$150	\$125 - \$130	176	65 - 70 %	\$170 - \$180	\$115 - \$120	110 - 120 %	100 - 110 %
Temecula Creek Inn	125	10	45	45	125	65 - 70	210 - 220	150 - 160	125	50 - 55	200 - 210	110 - 115	90 - 95	100 - 110
Carter Estate Resort & Winery	192	10	50	40	192	65 - 70	200 - 210	130 - 140	192	50 - 55	190 - 200	95 - 100	85 - 90	85 - 90
<b>Sub-Totals/Averages</b>	<b>493</b>	<b>20 %</b>	<b>45 %</b>	<b>35 %</b>	<b>493</b>	<b>74.9 %</b>	<b>\$183.60</b>	<b>\$137.58</b>	<b>493</b>	<b>58.7 %</b>	<b>\$185.64</b>	<b>\$109</b>	<b>99 %</b>	<b>99.3 %</b>
Secondary Competitors	3,326	35 %	45 %	20 %	2,495	75.0 %	\$183.19	\$137.39	2,495	59.4 %	\$184.87	\$110	100 %	100.1 %
<b>Totals/Averages</b>	<b>3,819</b>	<b>33 %</b>	<b>45 %</b>	<b>22 %</b>	<b>2,988</b>	<b>75.0 %</b>	<b>\$183.26</b>	<b>\$137.42</b>	<b>2,988</b>	<b>59.3 %</b>	<b>\$185.00</b>	<b>\$110</b>	<b>100 %</b>	<b>100.0 %</b>

*\* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.*

**FIGURE 4-10 PRIMARY COMPETITORS – FACILITY PROFILES**

Property	Number of Rooms	Year Opened	Miles To Subject Property	Food and Beverage Outlets	Indoor Meeting Space (SF)	Meeting Space per Room	Facilities & Amenities
Embassy Suites Temecula Valley Wine Country 29345 Rancho California Road	176	1990	5.2	Sweet Spot Bar & Grill	2,624	14.9	Guest Laundry Area; Outdoor Swimming Pool; Fitness Room; Lobby Workstation; Market Pantry; Outdoor Whirlpool
Temecula Creek Inn 44501 Rainbow Canyon Road	125	1969	7.6	Cork   Fire Kitchen; The Lounge	13,560	108.5	Business Center; Gift Shop; Outdoor Swimming Pool; Fitness Room
Carter Estate Resort & Winery 34450 Rancho California Road	192	2004	9.1	The Vineyard Grill	7,000	36.5	Business Center; Gift Shop; Outdoor Swimming Pool; Fitness Room

**FIGURE 4-11 SECONDARY COMPETITOR(S) – OPERATING PERFORMANCE**

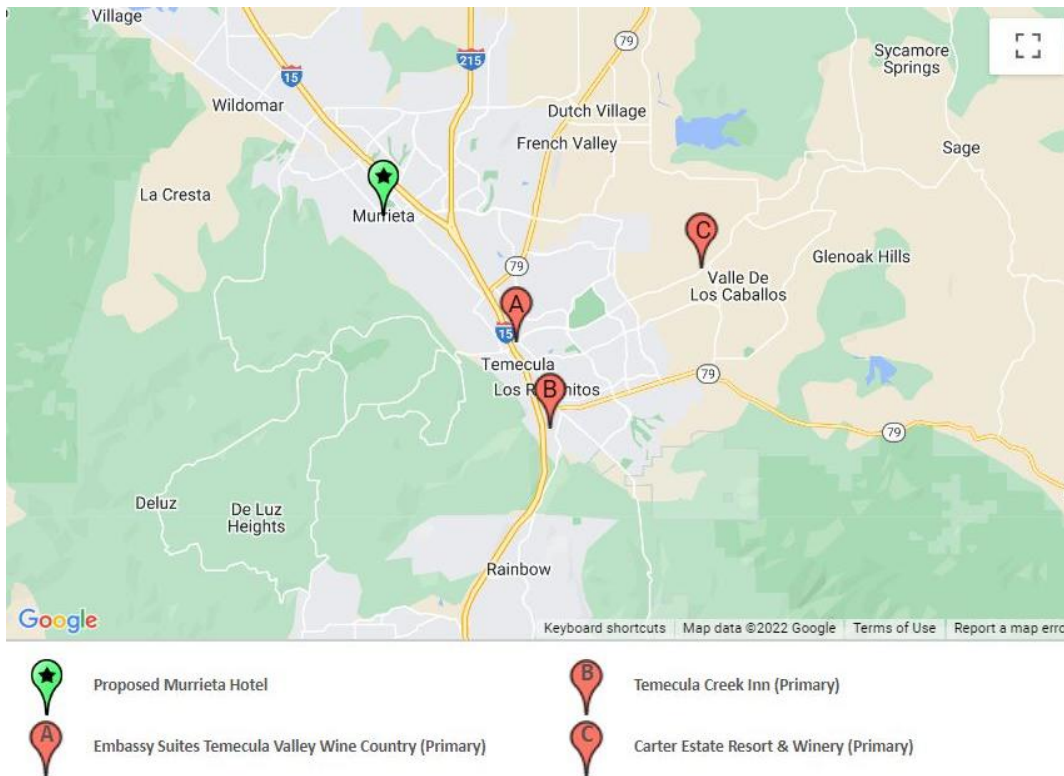
Property	Est. Segmentation				Total Competitive Level	Estimated 2019				Estimated 2021			
	Number of Rooms	Commercial	Leisure	Group		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Composite Full-Service	3,326	35 %	45 %	20 %	75 %	2,495	70 - 75 %	\$180 - \$190	\$130 - \$140	2,495	55 - 60 %	\$180 - \$190	\$105 - \$110
<b>Totals/Averages</b>	<b>3,326</b>	<b>35 %</b>	<b>45 %</b>	<b>20 %</b>	<b>75 %</b>	<b>2,495</b>	<b>75.0 %</b>	<b>\$183.19</b>	<b>\$137.39</b>	<b>2,495</b>	<b>59.4 %</b>	<b>\$184.87</b>	<b>\$109.81</b>

*\* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.*



The following map illustrates the locations of the proposed subject hotel and its future primary competitors.

## MAP OF COMPETITION



## Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject hotel's operating performance. The hotels that have recently opened, are under construction, or are in the stages of early development (if any) in the Murrieta market are noted below. The list is categorized by the principal submarkets within the city.

**FIGURE 4-12 AREA DEVELOPMENT ACTIVITY**

Proposed Hotel Name	Estimated Number of Rooms	Hotel Product Tier	Development Stage	Expected Qtr. & Year of Opening	Address
<b>Murrieta</b>					
The Murrieta Hotel (Full-Service Hotel)	260	Upper-Upscale	Seeking Financing	TBD	Intersection of I-5 and I-215, Murrieta
Cambria Murrieta	102	Upscale	Broke Ground	TBD	Northeast of McElwain Road and Linnel Lane, Murrieta
Full-Service Hotel (Proposed Subject Property)	180	Upper-Upscale	Early Development		
<b>Temecula</b>					
Staybridge Suites Temecula - Wine Country	112	Upscale	Recently Opened	Q2 '21	27500 Jefferson Avenue, Temecula
Hilton Garden Inn Temecula	104	Upscale	Recently Opened	Q3 '22	28210 Jefferson Avenue, Temecula
Traux Boutique Hotel, an Autograph Collection	151	Upscale	Application Pending	TBD	Third Street and Mercedes Street, Temecula
Everhome Suites Temecula	117	Upper-Midscale	Seeking Financing	Q1 '24	27165 Madison Avenue, Temecula

Of the hotels listed in the preceding table, we have identified the following new supply that is expected to have some degree of competitive interaction with the proposed subject hotel based on location, anticipated market orientation and price point, and/or operating profile.

**FIGURE 4-13 NEW SUPPLY**

Proposed Property	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Developer	Development Stage
Proposed Subject Property	180	100 %	180	January 1, 2025	TBD	Early Development
Hilton Garden Inn Temecula	104	80	83	March 1, 2022	Wellprofit International Inc.	Recently Opened
Cambria Murrieta	102	80	82	January 1, 2024	Murrieta Development II, LLC	Broke Ground
<b>Totals/Averages</b>	<b>386</b>		<b>345</b>			

The Hilton Garden Inn Temecula recently opened approximately one mile from the subject site; however, given its select-service product type, it has been weighted as secondarily competitive new supply in our analysis. Furthermore, a Cambria has been proposed for development in Murrieta; however, given its select-service product type, it has been weighted as secondarily competitive new supply in our analysis. A number of other hotels have been proposed for development throughout the market; however, given the speculative nature of these projects, they have only been considered qualitatively in our analysis.

In response to the travel restrictions and the decline in demand associated with the COVID-19 pandemic, numerous hotels in markets across the nation temporarily suspended operations. During these suspensions, hotels were typically closed to the public, with the majority of staff furloughed; however, key management and maintenance staff were retained to preserve the property and prepare for reopening. Nine hotels in the greater set of full-service hotels suspended operations

because of the COVID-19 pandemic; however, all have since reopened. Our analysis considers the full supply of competitive rooms, including any hotels that may have temporarily suspended operations. We note that the STR data and our analysis reflect the competitive market's adjusted occupancy upon the suspension of operations and/or the reopening of select competitive hotels within this set.

While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future or what their marketing strategies and effect on the market will be. Depending on the outcome of current and future projects, the future operating potential of the proposed subject hotel may be affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and average rate is intended to reflect such risk.

### Supply Conclusion

We have identified various properties that are expected to be competitive to some degree with the proposed subject hotel. We have also investigated potential increases in competitive supply in this Murrieta submarket. The Proposed Murrieta Hotel should enter a dynamic market of varying product types and price points. Next, we will present our forecast for demand change, using the historical supply data presented as a starting point.

### DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated, rounded for the competition, and weighted if there are secondary competitors present. In this respect, the information in the table differs from the previously presented STR data and is consistent with the supply and demand analysis developed for this report.

**FIGURE 4-14 HISTORICAL MARKET TRENDS**

Year	Accommodated Room Nights	% Change	Room Nights Available	% Change	Market Occupancy	Market ADR	% Change	Market RevPAR	% Change
Est. 2019	817,708	—	1,090,438	—	75.0 %	\$183.26	—	\$137.42	—
Est. 2020	468,629	(42.7) %	1,090,438	0.0 %	43.0	156.74	(14.5) %	67.36	(51.0) %
Est. 2021	646,372	37.9	1,090,438	0.0	59.3	185.00	18.0	109.66	62.8
Avg. Annual Compounded									
Chg., Est. 2019-Est. 2021:		(11.1) %		0.0 %			0.5 %		(10.7) %

### Demand Analysis Using Market Segmentation

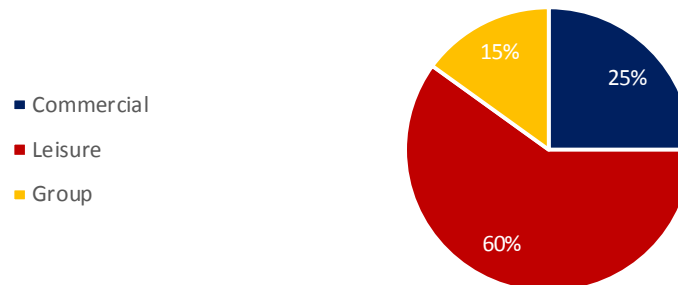
For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork, area analysis, and

knowledge of the local lodging market, we estimate the 2019 distribution of accommodated-room-night demand as follows.

**FIGURE 4-15 BASE-YEAR ACCOMMODATED-ROOM-NIGHT DEMAND**

Market Segment	2019 Marketwide		2021 Marketwide	
	Accommodated Demand	Percentage of Total	Accommodated Demand	Percentage of Total
Commercial	266,300	33 %	161,593	25 %
Leisure	367,589	45	387,823	60
Group	183,819	22	96,956	15
<b>Total</b>	<b>817,708</b>	<b>100 %</b>	<b>646,372</b>	<b>100 %</b>

**FIGURE 4-16 MARKET-WIDE ACCOMMODATED-ROOM-NIGHT DEMAND**



In the base year, the market's demand mix comprised commercial demand, with this segment representing roughly 33% of the accommodated room nights in this Murrieta submarket. The leisure segment comprised 45% of the total, with the final portion group in nature, reflecting 22%.

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends. Starting with an analysis of the local area, three segments were defined as representing the proposed subject hotel's lodging market. Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

**FIGURE 4-17 AVERAGE ANNUAL COMPOUNDED MARKET-SEGMENT GROWTH RATES**

Market Segment	Annual Growth Rate				
	2022	2023	2024	2025	2026
Commercial	35.0 %	5.0 %	4.0 %	4.0 %	2.0 %
Leisure	13.0	2.0	2.0	2.0	1.5
Group	35.0	25.0	4.0	4.0	2.0
<b>Base Demand Growth</b>	<b>21.8 %</b>	<b>6.7 %</b>	<b>2.9 %</b>	<b>2.9 %</b>	<b>1.7 %</b>

**Latent Demand**

A table presented earlier in this section illustrated the accommodated-room-night demand in the proposed subject hotel's competitive market. Because this estimate is based on historical occupancy levels, it includes only those hotel rooms that were used by guests. Latent demand reflects potential room-night demand that has not been realized by the existing competitive supply, further classified as either unaccommodated demand or induced demand.

**Unaccommodated Demand**

Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all the local hotels are filled. These travelers must defer their trips, settle for less desirable accommodations, or stay in properties located outside the market area. Because this demand did not yield occupied room nights, it is not included in the estimate of historical accommodated-room-night demand. If additional lodging facilities are expected to enter the market, it is reasonable to assume that these guests will be able to secure hotel rooms in the future, and it is therefore necessary to quantify this demand.

Unaccommodated demand is further indicated if the market is at all seasonal, with distinct high and low seasons; such seasonality indicates that although year-end occupancy may not average in excess of 70%, the market may sell out certain nights during the year. To evaluate the incidence of unaccommodated demand in the market, we have reviewed the average occupancy by the night of the week for the past twelve months for the competitive set, as reflected in the STR data. This is set forth in the following table.

**FIGURE 4-18 OCCUPANCY BY NIGHT OF THE WEEK**

Month	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Month
Apr - 21	44.2 %	45.2 %	48.6 %	50.4 %	53.3 %	67.7 %	74.2 %	55.2 %
May - 21	55.1	49.5	55.0	55.8	57.5	72.9	83.0	61.4
Jun - 21	57.0	61.1	61.6	63.8	68.5	82.0	89.9	68.7
Jul - 21	68.0	65.8	71.1	73.5	72.4	83.4	90.2	75.6
Aug - 21	54.9	58.6	63.6	65.3	65.9	78.3	84.7	66.5
Sep - 21	58.6	50.8	56.3	59.0	62.0	82.4	89.3	65.1
Oct - 21	47.6	59.2	66.9	68.9	67.0	79.0	85.0	67.9
Nov - 21	48.1	58.4	66.3	70.0	72.2	80.4	80.0	67.6
Dec - 21	53.0	59.7	62.9	61.4	60.0	70.5	72.7	63.0
Jan - 22	36.6	40.4	45.7	46.8	44.5	52.7	61.4	46.8
Feb - 22	51.2	56.1	59.1	62.6	58.4	67.4	75.5	61.5
Mar - 22	58.0	71.8	76.7	77.6	72.7	78.7	84.2	74.4
<b>Average</b>	<b>52.4 %</b>	<b>56.0 %</b>	<b>61.6 %</b>	<b>63.1 %</b>	<b>63.0 %</b>	<b>74.7 %</b>	<b>80.8 %</b>	<b>64.5 %</b>

Source: STR

The following table presents our estimate of unaccommodated demand in the subject market.

**FIGURE 4-19 UNACCOMMODATED DEMAND ESTIMATE**

Market Segment	Accommodated Room Night Demand	Unaccommodated Demand	Unaccommodated Room Night Demand
Commercial	266,300	0.7 %	1,818
Leisure	367,589	0.8	2,876
Group	183,819	1.4	2,615
<b>Total</b>	<b>817,708</b>	<b>0.9 %</b>	<b>7,309</b>

Accordingly, we have forecast unaccommodated demand equivalent to 0.9% of the base-year demand, resulting from our analysis of monthly and weekly peak demand and sell-out trends.

### Induced Demand

Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new demand generator. Situations that can result in induced demand include the opening of a new manufacturing plant, the expansion of a convention center, or the addition of a new hotel with a distinct chain affiliation or unique facilities. Although increases in

**Accommodated  
Demand and Market-  
wide Occupancy**

demand are expected in the local market, we have accounted for this growth in the determination of market-segment growth rates rather than induced demand.

Based upon a review of the market dynamics in the proposed subject hotel's competitive environment, we have forecast growth rates for each market segment. Using the calculated potential demand for the market, we have determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area.

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.

**FIGURE 4-20 FORECAST OF MARKET OCCUPANCY**

	2019	2021	2022	2023	2024	2025	2026	2027
<b>Commercial</b>								
Base Demand	266,300	161,593	218,151	229,058	238,221	247,749	252,704	252,704
Unaccommodated Demand		1,103	1,490	1,564	1,627	1,692	1,725	1,725
Total Demand	266,300	162,696	219,640	230,622	239,847	249,441	254,430	254,430
Growth Rate		(38.9) %	35.0 %	5.0 %	4.0 %	4.0 %	2.0 %	0.0 %
<b>Leisure</b>								
Base Demand	367,589	387,823	438,240	447,005	455,945	465,064	472,040	472,040
Unaccommodated Demand		3,034	3,429	3,497	3,567	3,639	3,693	3,693
Total Demand	367,589	390,858	441,669	450,502	459,513	468,703	475,733	475,733
Growth Rate		6.3 %	13.0 %	2.0 %	2.0 %	2.0 %	1.5 %	0.0 %
<b>Group</b>								
Base Demand	183,819	96,956	130,890	163,613	170,158	176,964	180,503	180,503
Unaccommodated Demand		1,379	1,862	2,327	2,420	2,517	2,568	2,568
Total Demand	183,819	98,335	132,752	165,940	172,578	179,481	183,071	183,071
Growth Rate		(46.5) %	35.0 %	25.0 %	4.0 %	4.0 %	2.0 %	0.0 %
<b>Totals</b>								
Base Demand	817,708	646,372	787,281	839,676	864,323	889,777	905,248	905,248
Unaccommodated Demand		5,517	6,780	7,389	7,614	7,848	7,986	7,986
Total Demand	817,708	651,889	794,062	847,065	871,938	897,625	913,234	913,234
less: Residual Demand		5,517	5,409	5,606	3,975	0	0	0
Total Accommodated Demand	817,708	646,372	788,653	841,459	867,963	897,625	913,234	913,234
<b>Overall Demand Growth</b>	—	37.9 %	22.0 %	6.7 %	3.1 %	3.4 %	1.7 %	0.0 %
<b>Market Mix</b>								
Commercial	32.6 %	25.0 %	27.7 %	27.2 %	27.5 %	27.8 %	27.9 %	27.9 %
Leisure	45.0	60.0	55.6	53.2	52.7	52.2	52.1	52.1
Group	22.5	15.0	16.7	19.6	19.8	20.0	20.0	20.0
<b>Existing Hotel Supply</b>	2,988	2,988	2,988	2,988	2,988	2,988	2,988	2,988
<b>Proposed Hotels</b>								
Proposed Subject Property						180	180	180
Hilton Garden Inn Temecula			70	83	83	83	83	83
Cambria Murrieta					81	82	82	82
Available Room Nights per Year	1,090,438	1,090,438	1,115,897	1,120,806	1,150,590	1,216,290	1,216,290	1,216,290
Nights per Year	365	365	365	365	365	365	365	365
<b>Total Supply</b>	2,988	2,988	3,057	3,071	3,152	3,332	3,332	3,332
Rooms Supply Growth	0.0 %	0.0 %	2.3 %	0.4 %	2.7 %	5.7 %	0.0 %	0.0 %
<b>Marketwide Occupancy</b>	<b>75.0 %</b>	<b>59.3 %</b>	<b>70.7 %</b>	<b>75.1 %</b>	<b>75.4 %</b>	<b>73.8 %</b>	<b>75.1 %</b>	<b>75.1 %</b>

<sup>1</sup> Opening in January 2025 of the 100% competitive, 180-room Proposed Subject Property

<sup>2</sup> Opening in March 2022 of the 80% competitive, 104-room Hilton Garden Inn Temecula

<sup>3</sup> Opening in January 2024 of the 80% competitive, 102-room Cambria Murrieta



The defined competitive market of hotels experienced a sharp occupancy decline in 2020 and early 2021 because of the severe downturn in travel associated with the COVID-19 pandemic. The recent recovery is expected to continue given the ongoing return of many employees to offices, stronger levels of both commercial and leisure travel, and an increase in group gatherings.

## 5. Description of the Proposed Improvements

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject property's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.

### Project Overview

We recommend the proposed hotel be developed as an upscale or upper-upscale, full-service lodging facility containing 180 rentable units. The property is anticipated to open on January 1, 2025.

### TYPICAL FULL-SERVICE EXTERIOR

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### Summary of the Facilities

The following table summarizes the facilities that are expected to be available at the proposed subject hotel.

**FIGURE 5-1 PROPOSED FACILITIES SUMMARY**

<b>Guestroom Configuration</b>		<b>Number of Units</b>
King		65
Queen/Queen		97
Suites		18
Total		180
<b>Food &amp; Beverage Facilities</b>		<b>Seating Capacity</b>
Restaurant		TBD
Lobby Lounge		TBD
<b>Indoor Meeting &amp; Banquet Facilities</b>		<b>Square Footage</b>
Meeting and Event Space		10,800
<b>Amenities &amp; Services</b>		
Outdoor Swimming Pool		Market Pantry
Outdoor Whirlpool		Guest Laundry Area
Fitness Room		Lobby Workstation
Outdoor Patio & Fire Pit		
<b>Infrastructure</b>		
Parking Spaces		As Needed
Elevators		TBD
Life-Safety Systems		Sprinklers, Smoke Detectors
Construction Details		Wood Framing, Poured Concrete

It is expected that the proposed hotel will comprise one single building, between three and seven stories, as is typical of a full-service hotel in a suburban location. Surface parking is expected to be located around the building. Other site improvements should include freestanding signage, located at the main entrance to the site, as well as landscaping and sidewalks. Additional signage is expected to be placed on the exterior of the building. The proposed hotel's main entrance should lead directly into the lobby, and the first (ground) floor is anticipated to house the public areas and the back-of-the-house space. Guestrooms should be located on all floors above the lobby/public space area. The site and building components should meet standards for an upscale to upper-upscale, full-service hotel in this Murrieta market.

We recommend a nationally branded, upscale or upper-upscale, full-service product for the proposed subject hotel. Typical full-service hotels offer a three-meal restaurant and a lobby lounge, often located on the lobby level. Depending on the

scope of the development, the hotel may offer additional food and beverage outlets. The hotel should offer meeting space and event space, typically spread over several separate meeting rooms, as well as a divisible ballroom. Recreational facilities typical of full-service hotels in this market include an outdoor pool with sundeck, an outdoor whirlpool, and a fitness room. Other amenities typically offered include a lobby workstation or business center, a market pantry, a guest laundry room, and an outdoor patio and fire pit. Additionally, we recommend the hotel offer king-bedded rooms, queen/queen-bedded rooms, and a limited number of suites. The standard guestrooms should offer typical amenities for a full-service product, while the suites should be larger, featuring a separate living area. The guestroom bathrooms should be of a standard size, with a shower-in-tub, commode, and single sink with vanity area, featuring a stone countertop. The floors are expected to be finished with tile, and the walls will likely be finished with knockdown texture (consistent with the chosen brand's standards). Overall, the guestrooms and facilities should offer a competitive product for this Murrieta neighborhood.

The hotel will be served by the necessary back-of-the-house space, including an in-house laundry facility, an administrative office, and a kitchen to service the needs of the hotel's food and beverage outlets as well as banqueting needs. These spaces should be adequate for a hotel of this type and should allow for the efficient operation of the property under competent management.

#### **TYPICAL FULL-SERVICE LOBBY**

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## TYPICAL FULL-SERVICE HOTEL LOBBY LOUNGE



## TYPICAL FULL-SERVICE HOTEL THREE-MEAL RESTAURANT



## TYPICAL FULL-SERVICE FITNESS ROOM

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## TYPICAL FULL-SERVICE HOTEL POOL

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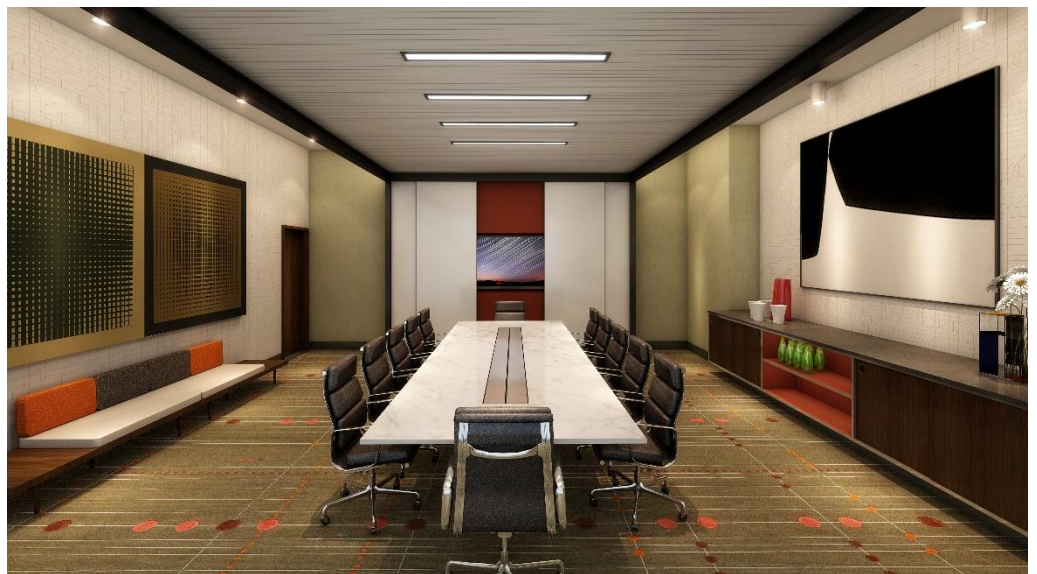
### TYPICAL FULL-SERVICE HOTEL BALLROOM

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### TYPICAL FULL-SERVICE HOTEL BOARDROOM

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## TYPICAL FULL-SERVICE HOTEL PRE-FUNCTION AREA



## TYPICAL FULL-SERVICE HOTEL BUSINESS CENTER



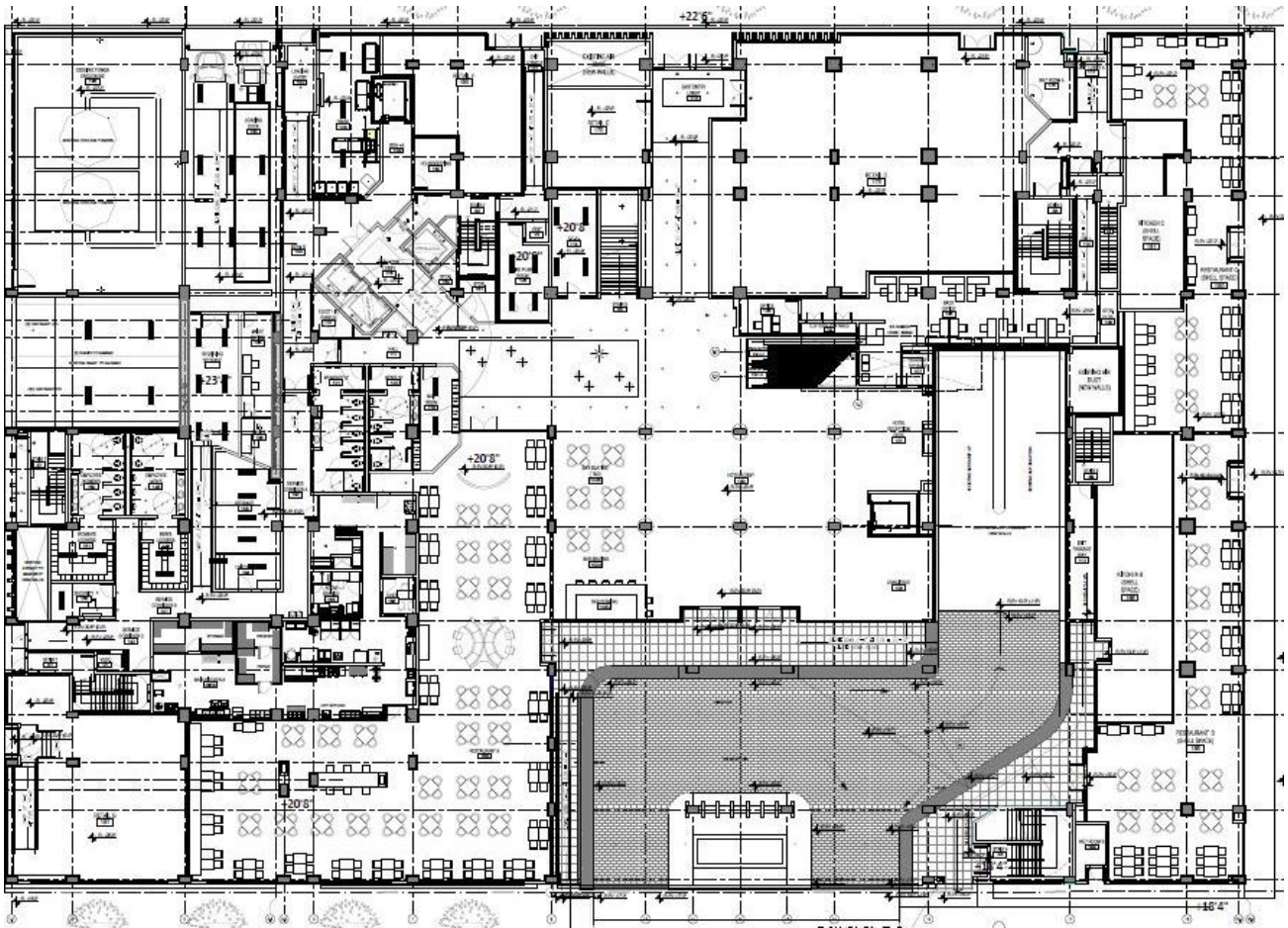


## TYPICAL FULL-SERVICE HOTEL GUESTROOM

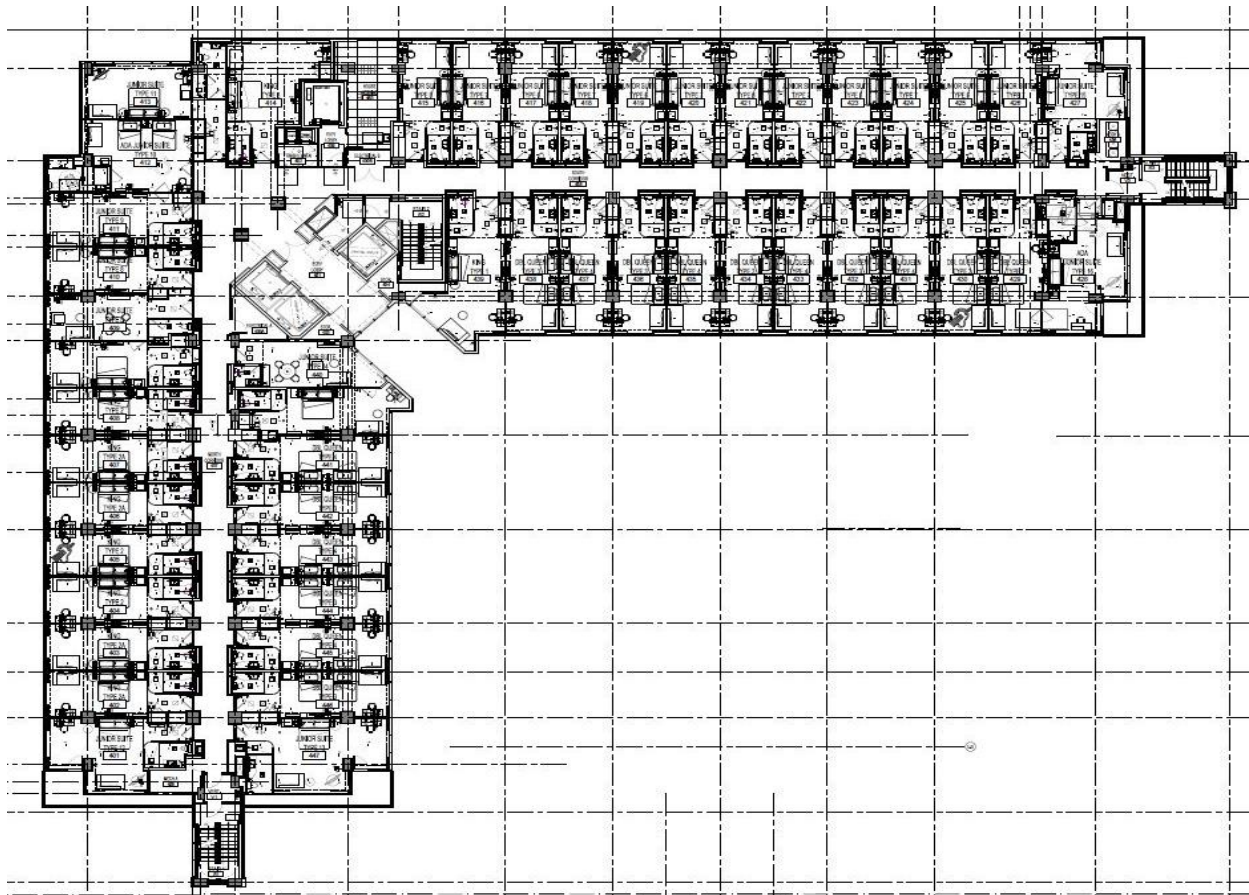


## TYPICAL FULL-SERVICE HOTEL GUESTROOM BATHROOM



**TYPICAL FIRST FLOOR PLAN**

## TYPICAL GUESTROOM FLOOR PLAN



### ADA and Environmental

We assume that the property will be built according to all pertinent codes and the chosen brand's standards. Moreover, we assume its construction will not create any environmental hazards (such as mold) and that the property will fully comply with the Americans with Disabilities Act.

### Capital Expenditures

Our analysis assumes that the hotel will require ongoing upgrades and periodic renovations after its opening in order to maintain its competitive level in this market and to remain compliant with the chosen brand's standards. These costs should be adequately funded by the forecasted reserve for replacement, as long as a successful, ongoing preventive-maintenance program is employed by hotel staff.

### Conclusion

Overall, the proposed subject property should offer a well-designed, functional layout of support areas and guestrooms. All typical and market-appropriate

features and amenities are expected to be included in the hotel's design. We assume that the building will be fully open and operational on the stipulated opening date and will meet all local building codes and the chosen brand's standards. Furthermore, we assume that the hotel staff will be adequately trained to allow for a successful opening and that pre-marketing efforts will have introduced the product to major local accounts at least six months in advance of the opening date.



## 6. Projection of Occupancy and Average Rate

Along with ADR results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance and market value. Most of a lodging facility's other revenue sources (such as food and beverage, other operated departments, and miscellaneous income) are driven by the number of guests, and many expense levels vary with occupancy. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect an operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

### Forecast of Subject Property's Occupancy

The proposed subject hotel's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

**FIGURE 6-1 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY**

<b>Market Segment</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
<b>Commercial</b>			
Demand	249,441	254,430	254,430
Market Share	4.9 %	5.2 %	5.4 %
Capture	12,273	13,148	13,788
Penetration	91 %	96 %	100 %
<b>Leisure</b>			
Demand	468,703	475,733	475,733
Market Share	5.1 %	5.3 %	5.6 %
Capture	23,694	25,269	26,512
Penetration	94 %	98 %	103 %
<b>Group</b>			
Demand	179,481	183,071	183,071
Market Share	4.6 %	4.9 %	5.2 %
Capture	8,254	9,031	9,472
Penetration	85 %	91 %	96 %
<b>Total Room Nights Captured</b>	<b>44,221</b>	<b>47,448</b>	<b>49,773</b>
Available Room Nights	65,700	65,700	65,700
<b>Subject Occupancy</b>	<b>67 %</b>	<b>72 %</b>	<b>76 %</b>
Market-wide Available Room Nights	1,216,290	1,216,290	1,216,290
<b>Fair Share</b>	<b>5 %</b>	<b>5 %</b>	<b>5 %</b>
Market-wide Occupied Room Nights	897,625	913,234	913,234
<b>Market Share</b>	<b>5 %</b>	<b>5 %</b>	<b>5 %</b>
<b>Market-wide Occupancy</b>	<b>74 %</b>	<b>75 %</b>	<b>75 %</b>
<b>Total Penetration</b>	<b>91 %</b>	<b>96 %</b>	<b>101 %</b>

When considering the forecast of occupancy penetration for the proposed subject property, we have placed considerable emphasis on the primary set of competitors, consisting of other full-service hotels within the Temecula-Murrieta market. Accordingly, we have positioned the proposed full-service hotel's occupancy penetration in the leisure segment at market-average levels given the proposed hotel's location proximate to the Temecula Valley wine country and many of the region's major leisure demand generators. Within the commercial segment, the proposed subject hotel's occupancy penetration is positioned above the market-average level, supported by its assumed proximity to several important commercial demand generators as well as its expected full-service product offering, popular among corporate travelers. Notably, the proposed hotel is expected to benefit from

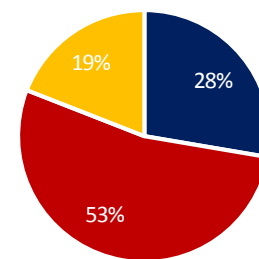
a location near the area's major employers within the healthcare and biomedical fields, such as Kaiser Permanente, Loma Linda University Health, and the Murrieta Innovation Center. The proposed hotel is also anticipated to benefit from government-related demand generated by Marine Corps Base Camp Pendleton. Within the group segment, the proposed subject hotel's occupancy penetration is positioned above the market-average level, largely attributed to the proposed hotel's expected complement of meeting and event space.

These positioned segment penetration rates result in the following market segmentation forecast.

**FIGURE 6-2 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY**

	2025	2026	2027
Commercial	28 %	28 %	28 %
Leisure	54	53	53
Group	19	19	19
<b>Total</b>	100 %	100 %	100 %

**FIGURE 6-3 STABILIZED MARKET SEGMENTATION – SUBJECT PROPERTY**



■ Commercial ■ Leisure  
■ Group

Based on our analysis of the proposed subject hotel and market area, we have selected a stabilized occupancy level of 76%. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life given all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the proposed subject hotel may operate at occupancies above this stabilized level, we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

#### Average Rate Analysis

Although the average rate analysis presented here follows the occupancy projection, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding average rate. This relationship is best illustrated by revenue per available room (RevPAR), which reflects a property's ability to maximize rooms revenue. The following table summarizes the historical average rate and the RevPAR of the proposed subject hotel's future primary competitors.

**FIGURE 6-4 BASE-YEAR AVERAGE RATE AND REVPAR OF THE COMPETITORS**

<b>Property</b>	<b>Estimated 2021 Average Room Rate</b>	<b>Rooms Revenue Per Available Room (RevPAR)</b>	<b>RevPAR Penetration</b>
Embassy Suites Temecula Valley Wine Country	\$170 - \$180	\$115 - \$120	100 - 110 %
Temecula Creek Inn	200 - 210	110 - 115	100 - 110
Carter Estate Resort & Winery	190 - 200	95 - 100	85 - 90
Primary Competitor	120 - 125	90 - 95	80 - 85
Average - Primary Competitors	\$185.64	\$108.88	99.3 %
Average - Secondary Competitors	184.87	109.81	100.1
<b>Overall Average</b>	<b>\$185.00</b>	<b>\$109.66</b>	<b>100.0 %</b>
<b>Subject As If Stabilized (In 2021 Dollars)</b>	<b>\$200.00</b>	<b>\$119.62</b>	<b>109.1 %</b>



We have selected the rate position of \$200.00, in base-year dollars (2021), for the proposed subject hotel. We positioned the proposed subject hotel's stabilized ADR in the 2021 base year in consideration of its new facility, strong brand affiliation, and proximity to a variety of demand generators. Average rates for this competitive market are anticipated to continue the strengthening trend that began in 2021, with the highest growth rate forecast for 2022 given the swift recovery from the particularly low ADRs in the first half of 2021. Month-over-month comparisons in the early weeks of 2022 have been strong. ADR growth should moderate in the following years. The projected recovery and growth of market ADR is based upon the expectation that the Murrieta-Temecula area will remain a top destination for day-trips and short vacations for those traveling from nearby Los Angeles, Orange County, and San Diego. The economic strength of the Southern California region should also contribute to the long-term stability of the market.

The following table presents the market's and proposed subject hotel's ADR forecast, and the resulting penetration level. The proposed subject hotel's projected average rate (as if stabilized) is then fiscalized to correspond with the hotel's anticipated date of opening for each forecast year. Discounts of 2% and 1% have been applied to the stabilized room rates projected for the first two years of operation, as would be expected for a new property of this type as it builds its reputation and becomes established in the market.

**FIGURE 6-5 ADR FORECAST – MARKET AND PROPOSED SUBJECT PROPERTY**

	Historical									
Calendar Year	2019	2021	2022	2023	2024	2025	2026	2027	2028	2029
Market ADR	\$183.26	\$185.00	\$205.35	\$211.51	\$217.85	\$224.39	\$231.12	\$238.05	\$245.19	\$252.55
Projected Market ADR Growth Rate	—		11.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		<b>\$200.00</b>	\$222.00	\$228.66	\$235.52	\$242.59	\$249.86	\$257.36	\$265.08	\$273.03
ADR Growth Rate			11.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		108%	108%	108%	108%	108%	108%	108%	108%	108%
Fiscal Year						2025	2026	2027	2028	2029
Proposed Subject Property Average Rate						\$242.59	\$249.86	\$257.36	\$265.08	\$273.03
Opening Discount						2.0%	1.0%	0.0%	0.0%	0.0%
<b>Average Rate After Discount</b>						<b>\$237.73</b>	<b>\$247.36</b>	<b>\$257.36</b>	<b>\$265.08</b>	<b>\$273.03</b>
Real Average Rate Growth						—	4.1%	4.0%	3.0%	3.0%
Market ADR						\$224.39	\$231.12	\$238.05	\$245.19	\$252.55
Proposed Subject ADR Penetration (After Discount)						106%	107%	108%	108%	108%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate						\$200.30	\$202.34	\$204.38	\$204.38	\$204.38

The proposed subject hotel's ADR penetration level is forecast to reach 108.1% by the stabilized period, consistent with our stabilized ADR positioning. The following

occupancies and average rates will be used to project the proposed subject hotel's rooms revenue; this forecast reflects years beginning on January 1, 2025, which correspond with our financial projections.

**FIGURE 6-6 FORECASTS OF OCCUPANCY AND AVERAGE RATE**

<u>Year</u>	<u>Occupancy</u>	<u>Average Rate Before Discount</u>	<u>Discount</u>	<u>Average Rate After Discount</u>
2025	67 %	\$242.59	2.0 %	\$237.73
2026	72	249.86	1.0	247.36
2027	76	257.36	0.0	257.36

## 7. Projection of Income and Expense

In this chapter of our report, we have compiled a forecast of income and expense for the proposed subject hotel. This forecast is based on the facilities program set forth previously, as well as the occupancy and average rate forecast discussed previously.

### Comparable Operating Statements

In order to project future income and expense for the proposed subject hotel, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data are presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense. The subject's stabilized statement of income and expense, deflated to base-year dollars, is also presented.

**FIGURE 7-1 COMPARABLE OPERATING STATEMENTS: RATIO TO SALES**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2019	2019	2019	2019	2019	2019
Edition:	11	11	11	11	11	11
Number of Rooms:	160 to 210	180 to 240	250 to 320	300 to 380	310 to 390	180
Days Open:	365	365	365	365	365	365
Occupancy:	80%	85%	81%	76%	71%	76%
Average Rate:	\$191	\$207	\$186	\$173	\$186	\$198
RevPAR:	\$152	\$176	\$151	\$131	\$132	\$151
<b>REVENUE</b>						
Rooms	80.9 %	71.3 %	72.4 %	72.9 %	81.7 %	76.5 %
Food & Beverage	18.0	20.7	21.4	18.7	13.3	21.2
Other Operated Departments	1.1	7.5	4.5	8.3	3.8	1.9
Miscellaneous Income	0.0	0.5	1.6	0.1	1.2	0.4
Total	100.0	100.0	100.0	100.0	100.0	100.0
<b>DEPARTMENTAL EXPENSES*</b>						
Rooms	16.0	24.2	21.1	23.4	29.0	22.7
Food & Beverage	91.7	87.7	73.3	71.6	99.2	80.0
Other Operated Departments	0.0	3.1	28.9	51.6	5.8	45.0
Total	29.4	35.6	32.3	34.7	37.1	35.2
<b>DEPARTMENTAL INCOME</b>	70.6	64.4	67.7	65.3	62.9	64.8
<b>UNDISTRIBUTED OPERATING EXPENSES</b>						
Administrative & General	6.7	9.5	6.9	8.0	7.8	7.6
Info. and Telecom. Systems	0.4	1.5	0.5	0.4	1.4	1.0
Marketing	6.2	9.3	10.2	8.1	4.8	6.9
Franchise Fee	7.5	0.0	4.6	5.7	6.6	6.9
Property Operations & Maintenance	3.5	3.7	3.7	4.1	4.1	3.8
Utilities	4.3	4.7	4.1	3.0	2.5	3.1
Total	28.7	28.8	30.1	29.3	27.2	29.3
<b>GROSS OPERATING PROFIT</b>	41.9	35.6	37.6	36.0	35.7	35.6
Management Fee	0.0	3.4	3.0	3.5	3.0	3.0
<b>INCOME BEFORE NON-OPER. INC. &amp; EXI</b>	41.8	32.3	34.7	32.5	32.7	32.6
<b>EBITDA LESS RESERVE</b>	32.5 %	27.6 %	25.0 %	25.2 %	23.3 %	24.1 %

\* Departmental expense ratios are expressed as a percentage of departmental revenues

**FIGURE 7-2 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER AVAILABLE ROOM**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2019	2019	2019	2019	2019	2019
Edition:	11	11	11	11	11	11
Number of Rooms:	160 to 210	180 to 240	250 to 320	300 to 380	310 to 390	180
Days Open:	365	365	365	365	365	365
Occupancy:	80%	85%	81%	76%	71%	76%
Average Rate:	\$191	\$207	\$186	\$173	\$186	\$198
RevPAR:	\$152	\$176	\$151	\$131	\$132	\$151
<b>REVENUE</b>						
Rooms	\$55,457	\$64,094	\$54,965	\$47,943	\$48,300	\$55,045
Food & Beverage	12,317	18,575	16,259	12,283	7,869	15,257
Other Operated Departments	733	6,780	3,451	5,447	2,229	1,387
Miscellaneous Income	26	435	1,203	90	717	277
Total	68,533	89,884	75,878	65,763	59,115	71,966
<b>DEPARTMENTAL EXPENSES</b>						
Rooms	8,885	15,496	11,595	11,196	14,004	12,495
Food & Beverage	11,292	16,281	11,916	8,796	7,806	12,206
Other Operated Departments	0	213	996	2,808	130	624
Total	20,177	31,990	24,507	22,801	21,941	25,325
<b>DEPARTMENTAL INCOME</b>	48,356	57,893	51,371	42,962	37,174	46,641
<b>UNDISTRIBUTED OPERATING EXPENSES</b>						
Administrative & General	4,610	8,580	5,208	5,231	4,625	5,500
Info. and Telecom. Systems	280	1,385	384	284	841	700
Marketing	4,255	8,322	7,748	5,334	2,842	5,000
Franchise Fee	5,159	0	3,512	3,775	3,882	4,954
Property Operations & Maintenance	2,428	3,367	2,824	2,703	2,438	2,700
Utilities	2,946	4,207	3,126	1,971	1,453	2,200
Total	19,678	25,861	22,803	19,298	16,081	21,054
<b>GROSS OPERATING PROFIT</b>	28,678	32,032	28,568	23,664	21,093	25,587
Management Fee	0	3,031	2,276	2,301	1,773	2,159
<b>INCOME BEFORE NON-OPER. INC. &amp; EXI</b>	28,678	29,002	26,292	21,364	19,319	23,429
<b>EBITDA LESS RESERVE</b>	\$22,358	\$24,784	\$18,920	\$16,578	\$13,780	\$17,320

**FIGURE 7-3 COMPARABLE OPERATING STATEMENTS: AMOUNTS PER OCCUPIED ROOM**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2019	2019	2019	2019	2019	2019
Edition:	11	11	11	11	11	11
Number of Rooms:	160 to 210	180 to 240	250 to 320	300 to 380	310 to 390	180
Days Open:	365	365	365	365	365	365
Occupancy:	80%	85%	81%	76%	71%	76%
Average Rate:	\$191	\$207	\$186	\$173	\$186	\$198
RevPAR:	\$152	\$176	\$151	\$131	\$132	\$151
<b>REVENUE</b>						
Rooms	\$190.88	\$206.59	\$185.58	\$173.38	\$185.88	\$198.43
Food & Beverage	42.39	59.87	54.90	44.42	30.28	55.00
Other Operated Departments	2.52	21.85	11.65	19.70	8.58	5.00
Miscellaneous Income	0.09	1.40	4.06	0.32	2.76	1.00
Total	235.88	289.71	256.19	237.83	227.50	259.43
<b>DEPARTMENTAL EXPENSES</b>						
Rooms	30.58	49.95	39.15	40.49	53.90	45.04
Food & Beverage	38.87	52.48	40.23	31.81	30.04	44.00
Other Operated Departments	0.00	0.69	3.36	10.15	0.50	2.25
Total	69.45	103.11	82.74	82.46	84.44	91.29
<b>DEPARTMENTAL INCOME</b>	166.44	186.60	173.45	155.37	143.06	168.14
<b>UNDISTRIBUTED OPERATING EXPENSES</b>						
Administrative & General	15.87	27.65	17.58	18.92	17.80	19.83
Info. and Telecom. Systems	0.96	4.47	1.30	1.03	3.24	2.52
Marketing	14.64	26.82	26.16	19.29	10.94	18.02
Franchise Fee	17.76	0.00	11.86	13.65	14.94	17.86
Property Operations & Maintenance	8.36	10.85	9.54	9.78	9.38	9.73
Utilities	10.14	13.56	10.56	7.13	5.59	7.93
Total	67.73	83.36	76.99	69.79	61.89	75.90
<b>GROSS OPERATING PROFIT</b>	98.71	103.25	96.46	85.58	81.17	92.24
Management Fee	0.00	9.77	7.69	8.32	6.82	7.78
<b>INCOME BEFORE NON-OPER. INC. &amp; EXI</b>	98.71	93.48	88.77	77.26	74.35	84.46
<b>EBITDA LESS RESERVE</b>	\$76.96	\$79.88	\$63.88	\$59.95	\$53.03	\$62.44

### Inflation and Appreciation Assumptions

The comparable statements' departmental income ranged from 62.9% to 70.6% of total revenue. The comparable properties achieved a gross operating profit ranging from 35.6% to 41.9% of total revenue.

In consideration of the trends in the Consumer Price Index (CPI), inflation factors that directly influence lodging properties, projections set forth by economists surveyed, and the Federal Reserve's target inflation rate, we have applied the underlying inflation rates as reflected in the following table.

**FIGURE 7-4 INFLATION ASSUMPTIONS**

Timeframe	Rate of Inflation	
	Assumed	
2019 to 2020	1.0 %	
2020 to 2021	6.0	
2021 to 2022	4.5	
2022 to 2023	3.0	
2023 to 2024	3.0	

Beyond the illustrated year, we have applied a 3.0% annual rate of growth to income and expenses to reflect the longer-term expectation of asset appreciation by typical investors. This position is based on interviews with numerous market participants indicating a distinction in the expectations of near-term cost inflation (i.e., related to labor and supplies) versus long-term income growth that drives appreciation. Any exceptions to the application of the assumed underlying inflation and EBITDA Less Replacement Reserve growth rates are discussed in our write-up of individual income and expense items.

### Forecast of Revenue and Expense

Based on an analysis that will be detailed throughout this section, we have formulated a forecast of income and expense. The following table presents a detailed forecast through the fifth projection year, including amounts per available room and per occupied room. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years that begin on January 1, 2025, expressed in inflated dollars for each year.

**FIGURE 7-5 DETAILED FORECAST OF INCOME AND EXPENSE**

	2025 (Calendar Year)				2026				Stabilized				2028				2029			
Number of Rooms:	180				180				180				180				180			
Occupancy:	67%				72%				76%				76%				76%			
Average Rate:	\$237.73				\$247.36				\$257.36				\$265.08				\$273.03			
RevPAR:	\$159.28				\$178.10				\$195.59				\$201.46				\$207.50			
Days Open:	365				365				365				365				365			
Occupied Rooms:	44,019	%Gross	PAR	POR	47,304	%Gross	PAR	POR	49,932	%Gross	PAR	POR	49,932	%Gross	PAR	POR	49,932	%Gross	PAR	POR
<b>OPERATING REVENUE</b>																				
Rooms	\$10,465	75.3 %	\$58,139	\$237.74	\$11,701	76.0 %	\$65,006	\$247.36	\$12,850	76.5 %	\$71,389	\$257.35	\$13,236	76.5 %	\$73,533	\$265.08	\$13,633	76.5 %	\$75,739	\$273.03
Food	2,392	17.2	13,287	54.33	2,597	16.9	14,427	54.90	2,785	16.6	15,471	55.77	2,868	16.6	15,935	57.44	2,954	16.6	16,413	59.17
Beverage	684	4.9	3,798	15.53	732	4.8	4,068	15.48	777	4.6	4,317	15.56	800	4.6	4,447	16.03	824	4.6	4,580	16.51
Other Operated Departments	294	2.1	1,635	6.69	309	2.0	1,719	6.54	324	1.9	1,799	6.48	334	1.9	1,853	6.68	344	1.9	1,908	6.88
Miscellaneous Income	59	0.4	327	1.34	62	0.4	344	1.31	65	0.4	360	1.30	67	0.4	371	1.34	69	0.4	382	1.38
<b>Total Operating Revenues</b>	<b>13,894</b>	<b>100.0</b>	<b>77,187</b>	<b>315.63</b>	<b>15,401</b>	<b>100.0</b>	<b>85,563</b>	<b>325.58</b>	<b>16,800</b>	<b>100.0</b>	<b>93,335</b>	<b>336.47</b>	<b>17,305</b>	<b>100.0</b>	<b>96,138</b>	<b>346.57</b>	<b>17,824</b>	<b>100.0</b>	<b>99,022</b>	<b>356.96</b>
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	2,619	25.0	14,552	59.51	2,772	23.7	15,403	58.61	2,917	22.7	16,206	58.42	3,005	22.7	16,692	60.17	3,095	22.7	17,193	61.98
Food & Beverage	2,584	84.0	14,358	58.71	2,720	81.7	15,111	57.50	2,849	80.0	15,830	57.07	2,935	80.0	16,305	58.78	3,023	80.0	16,794	60.54
Other Operated Departments	136	46.2	755	3.09	141	45.5	782	2.98	146	45.0	810	2.92	150	45.0	834	3.01	155	45.0	859	3.10
<b>Total Expenses</b>	<b>5,340</b>	<b>38.4</b>	<b>29,665</b>	<b>121.30</b>	<b>5,633</b>	<b>36.6</b>	<b>31,296</b>	<b>119.09</b>	<b>5,912</b>	<b>35.2</b>	<b>32,846</b>	<b>118.41</b>	<b>6,090</b>	<b>35.2</b>	<b>33,831</b>	<b>121.96</b>	<b>6,272</b>	<b>35.2</b>	<b>34,846</b>	<b>125.62</b>
<b>DEPARTMENTAL INCOME</b>	<b>8,554</b>	<b>61.6</b>	<b>47,522</b>	<b>194.33</b>	<b>9,768</b>	<b>63.4</b>	<b>54,267</b>	<b>206.50</b>	<b>10,888</b>	<b>64.8</b>	<b>60,490</b>	<b>218.06</b>	<b>11,215</b>	<b>64.8</b>	<b>62,307</b>	<b>224.61</b>	<b>11,552</b>	<b>64.8</b>	<b>64,176</b>	<b>231.35</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	1,173	8.4	6,518	26.65	1,229	8.0	6,829	25.99	1,284	7.6	7,133	25.71	1,323	7.6	7,347	26.49	1,362	7.6	7,568	27.28
Info & Telecom Systems	149	1.1	830	3.39	156	1.0	869	3.31	163	1.0	908	3.27	168	1.0	935	3.37	173	1.0	963	3.47
Marketing	1,067	7.7	5,925	24.23	1,117	7.3	6,208	23.62	1,167	6.9	6,485	23.38	1,202	6.9	6,679	24.08	1,238	6.9	6,880	24.80
Franchise Fee	942	6.8	5,233	21.40	1,053	6.8	5,851	22.26	1,157	6.9	6,425	23.16	1,191	6.9	6,618	23.86	1,227	6.9	6,817	24.57
Prop. Operations & Maint.	461	3.3	2,560	10.47	543	3.5	3,017	11.48	630	3.8	3,502	12.62	649	3.8	3,607	13.00	669	3.8	3,715	13.39
Utilities	469	3.4	2,607	10.66	492	3.2	2,732	10.39	514	3.1	2,853	10.29	529	3.1	2,939	10.59	545	3.1	3,027	10.91
<b>Total Expenses</b>	<b>4,261</b>	<b>30.7</b>	<b>23,671</b>	<b>96.80</b>	<b>4,591</b>	<b>29.8</b>	<b>25,505</b>	<b>97.05</b>	<b>4,915</b>	<b>29.3</b>	<b>27,306</b>	<b>98.44</b>	<b>5,063</b>	<b>29.3</b>	<b>28,126</b>	<b>101.39</b>	<b>5,214</b>	<b>29.3</b>	<b>28,969</b>	<b>104.43</b>
<b>GROSS OPERATING PROFIT</b>	<b>4,293</b>	<b>30.9</b>	<b>23,851</b>	<b>97.53</b>	<b>5,177</b>	<b>33.6</b>	<b>28,761</b>	<b>109.44</b>	<b>5,973</b>	<b>35.5</b>	<b>33,184</b>	<b>119.62</b>	<b>6,153</b>	<b>35.5</b>	<b>34,182</b>	<b>123.22</b>	<b>6,337</b>	<b>35.5</b>	<b>35,207</b>	<b>126.92</b>
<b>Management Fee</b>	<b>417</b>	<b>3.0</b>	<b>2,316</b>	<b>9.47</b>	<b>462</b>	<b>3.0</b>	<b>2,567</b>	<b>9.77</b>	<b>504</b>	<b>3.0</b>	<b>2,800</b>	<b>10.09</b>	<b>519</b>	<b>3.0</b>	<b>2,884</b>	<b>10.40</b>	<b>535</b>	<b>3.0</b>	<b>2,971</b>	<b>10.71</b>
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	<b>3,876</b>	<b>27.9</b>	<b>21,535</b>	<b>88.06</b>	<b>4,715</b>	<b>30.6</b>	<b>26,195</b>	<b>99.67</b>	<b>5,469</b>	<b>32.5</b>	<b>30,384</b>	<b>109.53</b>	<b>5,634</b>	<b>32.5</b>	<b>31,297</b>	<b>112.82</b>	<b>5,802</b>	<b>32.5</b>	<b>32,236</b>	<b>116.21</b>
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	568	4.1	3,154	12.90	579	3.8	3,217	12.24	591	3.5	3,281	11.83	602	3.5	3,347	12.06	614	3.4	3,414	12.31
Insurance	154	1.1	856	3.50	159	1.0	881	3.35	163	1.0	908	3.27	168	1.0	935	3.37	173	1.0	963	3.47
<b>Total Expenses</b>	<b>722</b>	<b>5.2</b>	<b>4,009</b>	<b>16.40</b>	<b>738</b>	<b>4.8</b>	<b>4,098</b>	<b>15.59</b>	<b>754</b>	<b>4.5</b>	<b>4,189</b>	<b>15.10</b>	<b>771</b>	<b>4.5</b>	<b>4,282</b>	<b>15.44</b>	<b>788</b>	<b>4.4</b>	<b>4,377</b>	<b>15.78</b>
<b>EBITDA</b>	<b>3,155</b>	<b>22.7</b>	<b>17,526</b>	<b>71.67</b>	<b>3,977</b>	<b>25.8</b>	<b>22,096</b>	<b>84.08</b>	<b>4,715</b>	<b>28.0</b>	<b>26,195</b>	<b>94.43</b>	<b>4,863</b>	<b>28.0</b>	<b>27,016</b>	<b>97.39</b>	<b>5,015</b>	<b>28.1</b>	<b>27,859</b>	<b>100.43</b>
<b>Reserve for Replacement</b>	<b>278</b>	<b>2.0</b>	<b>1,544</b>	<b>6.31</b>	<b>462</b>	<b>3.0</b>	<b>2,567</b>	<b>9.77</b>	<b>672</b>	<b>4.0</b>	<b>3,733</b>	<b>13.46</b>	<b>692</b>	<b>4.0</b>	<b>3,846</b>	<b>13.86</b>	<b>713</b>	<b>4.0</b>	<b>3,961</b>	<b>14.28</b>
<b>EBITDA LESS RESERVE</b>	<b>\$2,877</b>	<b>20.7 %</b>	<b>\$15,982</b>	<b>\$65.35</b>	<b>\$3,515</b>	<b>22.8 %</b>	<b>\$19,530</b>	<b>\$74.31</b>	<b>\$4,043</b>	<b>24.0 %</b>	<b>\$22,461</b>	<b>\$80.97</b>	<b>\$4,171</b>	<b>24.0 %</b>	<b>\$23,170</b>	<b>\$83.53</b>	<b>\$4,302</b>	<b>24.1 %</b>	<b>\$23,898</b>	<b>\$86.15</b>

\*Departmental expenses are expressed as a percentage of departmental revenues.



**FIGURE 7-6 TEN-YEAR FORECAST OF INCOME AND EXPENSE**

	2025		2026		2027		2028		2029		2030		2031		2032		2033		2034	
Number of Rooms:	180		180		180		180		180		180		180		180		180		180	
Occupied Rooms:	44,019		47,304		49,932		49,932		49,932		49,932		49,932		49,932		49,932		49,932	
Occupancy:	67%		72%		76%		76%		76%		76%		76%		76%		76%		76%	
Average Rate:	\$237.73	% of	\$247.36	% of	\$257.36	% of	\$265.08	% of	\$273.03	% of	\$281.22	% of	\$289.66	% of	\$298.35	% of	\$307.30	% of	\$316.52	% of
RevPAR:	\$159.28	Gross	\$178.10	Gross	\$195.59	Gross	\$201.46	Gross	\$207.50	Gross	\$213.73	Gross	\$220.14	Gross	\$226.75	Gross	\$233.55	Gross	\$240.55	Gross
<b>OPERATING REVENUE</b>																				
Rooms	\$10,465	75.3 %	\$11,701	76.0 %	\$12,850	76.5 %	\$13,236	76.5 %	\$13,633	76.5 %	\$14,042	76.5 %	\$14,463	76.5 %	\$14,897	76.5 %	\$15,344	76.5 %	\$15,804	76.5 %
Food	2,392	17.2	2,597	16.9	2,785	16.6	2,868	16.6	2,954	16.6	3,043	16.6	3,134	16.6	3,228	16.6	3,325	16.6	3,425	16.6
Beverage	684	4.9	732	4.8	777	4.6	800	4.6	824	4.6	849	4.6	875	4.6	901	4.6	928	4.6	956	4.6
Other Operated Departments	294	2.1	309	2.0	324	1.9	334	1.9	344	1.9	354	1.9	364	1.9	375	1.9	387	1.9	398	1.9
Miscellaneous Income	59	0.4	62	0.4	65	0.4	67	0.4	69	0.4	71	0.4	73	0.4	75	0.4	77	0.4	80	0.4
Total Operating Revenues	13,894	100.0	15,401	100.0	16,800	100.0	17,305	100.0	17,824	100.0	18,359	100.0	18,909	100.0	19,477	100.0	20,061	100.0	20,662	100.0
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	2,619	25.0	2,772	23.7	2,917	22.7	3,005	22.7	3,095	22.7	3,188	22.7	3,283	22.7	3,382	22.7	3,483	22.7	3,588	22.7
Food & Beverage	2,584	84.0	2,720	81.7	2,849	80.0	2,935	80.0	3,023	80.0	3,114	80.0	3,207	80.0	3,303	80.0	3,402	80.0	3,504	80.0
Other Operated Departments	136	46.2	141	45.5	146	45.0	150	45.0	155	45.0	159	45.0	164	45.0	169	45.0	174	45.0	179	45.0
Total Expenses	5,340	38.4	5,633	36.6	5,912	35.2	6,090	35.2	6,272	35.2	6,460	35.2	6,654	35.2	6,854	35.2	7,059	35.2	7,271	35.2
<b>DEPARTMENTAL INCOME</b>	8,554	61.6	9,768	63.4	10,888	64.8	11,215	64.8	11,552	64.8	11,898	64.8	12,255	64.8	12,623	64.8	13,001	64.8	13,391	64.8
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	1,173	8.4	1,229	8.0	1,284	7.6	1,323	7.6	1,362	7.6	1,403	7.6	1,445	7.6	1,489	7.6	1,533	7.6	1,579	7.6
Info & Telecom Systems	149	1.1	156	1.0	163	1.0	168	1.0	173	1.0	179	1.0	184	1.0	189	1.0	195	1.0	201	1.0
Marketing	1,067	7.7	1,117	7.3	1,167	6.9	1,202	6.9	1,238	6.9	1,276	6.9	1,314	6.9	1,353	6.9	1,394	6.9	1,436	6.9
Franchise Fee	942	6.8	1,053	6.8	1,157	6.9	1,191	6.9	1,227	6.9	1,264	6.9	1,302	6.9	1,341	6.9	1,381	6.9	1,422	6.9
Prop. Operations & Maint.	461	3.3	543	3.5	630	3.8	649	3.8	669	3.8	689	3.8	709	3.8	731	3.8	753	3.8	775	3.8
Utilities	469	3.4	492	3.2	514	3.1	529	3.1	545	3.1	561	3.1	578	3.1	595	3.1	613	3.1	632	3.1
Total Expenses	4,261	30.7	4,591	29.8	4,915	29.3	5,063	29.3	5,214	29.3	5,371	29.3	5,532	29.3	5,698	29.3	5,869	29.3	6,045	29.3
<b>GROSS OPERATING PROFIT</b>	4,293	30.9	5,177	33.6	5,973	35.5	6,153	35.5	6,337	35.5	6,527	35.5	6,723	35.5	6,925	35.5	7,133	35.5	7,346	35.5
Management Fee	417	3.0	462	3.0	504	3.0	519	3.0	535	3.0	551	3.0	567	3.0	584	3.0	602	3.0	620	3.0
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	3,876	27.9	4,715	30.6	5,469	32.5	5,634	32.5	5,802	32.5	5,977	32.5	6,156	32.5	6,340	32.5	6,531	32.5	6,726	32.5
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	568	4.1	579	3.8	591	3.5	602	3.5	614	3.4	627	3.4	639	3.4	652	3.3	665	3.3	678	3.3
Insurance	154	1.1	159	1.0	163	1.0	168	1.0	173	1.0	179	1.0	184	1.0	189	1.0	195	1.0	201	1.0
Total Expenses	722	5.2	738	4.8	754	4.5	771	4.5	788	4.4	805	4.4	823	4.4	842	4.3	860	4.3	879	4.3
<b>EBITDA</b>	3,155	22.7	3,977	25.8	4,715	28.0	4,863	28.0	5,015	28.1	5,171	28.1	5,332	28.1	5,499	28.2	5,670	28.2	5,847	28.2
Reserve for Replacement	278	2.0	462	3.0	672	4.0	692	4.0	713	4.0	734	4.0	756	4.0	779	4.0	802	4.0	826	4.0
<b>EBITDA LESS RESERVE</b>	\$2,877	20.7 %	\$3,515	22.8 %	\$4,043	24.0 %	\$4,171	24.0 %	\$4,302	24.1 %	\$4,437	24.1 %	\$4,576	24.1 %	\$4,720	24.2 %	\$4,868	24.2 %	\$5,020	24.2 %

We anticipate that it will take three years for the proposed subject hotel to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject hotel's operating budget and comparable income and expense statements. The forecast is based upon calendar years beginning January 1, 2025, expressed in inflated dollars for each year.

Revenues associated with the proposed subject hotel's food and beverage department, other operated departments and miscellaneous income category have been forecast to reflect the recommended hotel facilities and amenities, including a three-meal restaurant and lobby lounge. Expense levels fall within a range of reasonableness given the provided comparable operating statements; furthermore, franchise and management fees are set forth in accordance with our assumptions provided earlier in our report.

## Property Taxes

Real estate in the state of California is assessed at 100% of market value upon the sale, expansion, or new construction of a property. Once established, the assessed value of a property can increase by no more than 2.0% per year, according to state law. A reassessment is triggered by the sale, expansion, or improvement of a property. Because this analysis is predicated upon a hypothetical sale, we have calculated the first year's property tax burden based on the estimated fee-simple market value of the subject property determined by our analysis. Real and personal property are taxed at the same rate. Property taxes are "stepped up" upon the assumed sale of the hotel at the end of the tenth year by loading the terminal capitalization rate with the tax rate.

In most states, the comparison of a hotel's assessed value with that of comparable hotels in the same taxing jurisdiction can provide insight into whether or not the property is fairly assessed. The assessed value of the land and improvements is divided by the hotel's number of rooms to provide a unit of comparison with other hotels. This is a useful tool in most states, where properties are periodically reassessed to market value. However, in California, the comparison of assessed values is generally irrelevant due to Proposition 13, enacted in 1978, which removed the relationship between a property's assessed value and its market value. Under Proposition 13, a property is reassessed upon sale to market value, which is generally presumed to be the sales price; thereafter, the assessed value is increased at a maximum of 2% per year. Trends in appreciation and depreciation caused by market fluctuations are not reflected in a property's assessed value in California, unless there is a sales transaction. Thus, comparable hotels in California can have markedly different assessed values, depending upon when the last sales transaction occurred. For this reason, we have not researched the assessed values of comparable hotels to assess the reasonableness of the subject property's assessed value. The following table details the subject property's assessment history.

The proposed hotel will be subject to various special assessments, including those related to the Murrieta Combined School District, Murrieta Parks and Recreation Department, and Murrieta Fire Department, as well as those related to the water district.

Tax rates are based on the city and county budgets, which change annually. The most recent tax rate in this jurisdiction was reported at 1.13925%. The following table shows changes in the tax rate during the last several years.

**FIGURE 7-7 COUNTY TAX RATES**

<u>Year</u>	<u>Real Property Tax Rate</u>
2021	1.13925
Source: Riverside County Assessor's Office	

Based on state law and the current tax rate, the proposed subject property's projected property tax expense levels are calculated as follows.

**FIGURE 7-8 SUBJECT PROPERTY TAX CALCULATION**

<u>Estimated Market Value</u>		<u>Tax Rate</u>	<u>First Year's</u>
\$49,800,000	x	1.13925%	\$567,347

## Conclusion

In conclusion, our analysis reflects a profitable operation, with net income expected to total 24.1% of total revenue by the stabilized year. The stabilized total revenue comprises primarily rooms and food and beverage revenue, with a secondary portion derived from other income sources. On the cost side, departmental expenses total 35.2% of revenue by the stabilized year, while undistributed operating expenses total 29.3% of total revenues; this assumes that the property will be operated competently by a well-known hotel operator. After a 3.0% of total revenues management fee, a net income ratio of 24.1% is forecast by the stabilized year.

## 8. Feasibility Analysis

Return on investment can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. The first step in performing a return-on-investment analysis is to determine the amount to be initially invested. For a proposed property, this amount is most likely to be the development cost of the hotel. Based on the total development cost, the individual investor will utilize a return-on-investment analysis to determine if the future cash flow from a current cash outlay meets his or her own investment criteria and at what level above or below this amount such an outlay exceeds or fails to meet these criteria.

As an individual or company considering investment in hotel real estate, the decision to use one's own cash, an equity partner's capital, or lender financing will be an internal one. Because hotels typically require a substantial investment, only the largest investors and hotel companies generally have the means to purchase properties with all cash. We would anticipate the involvement of some financing by a third party for the typical investor or for those who may be entering the market for hotel acquisitions at this time. In leveraged acquisitions and developments where investors typically purchase or build upon real estate with a small amount of equity cash (20% to 50%) and a large amount of mortgage financing (50% to 80%), it is important for the equity investor to acknowledge the return requirements of the debt participant (mortgagee), as well as his or her own return requirements. Therefore, we will begin our rate-of-return analysis by reviewing the debt requirements of typical hotel mortgagees.

### Construction Cost Estimate

To determine the feasibility of this project, we have developed an estimate of the total development costs, which includes hard costs, FF&E, soft costs, pre-opening costs, and working capital, as well as the developer's fee. Our development cost estimate is supported by actual cost comparables and the annual *HVS Development Cost Survey*. We recommend that the development team obtain a more detailed development cost estimate from actual construction companies. It is also advised that developers consult more than one source in their hotel development process to more accurately assess the cost of development.

### Development Cost

As a basis for estimating the development costs, we have used a hotel development cost survey conducted by HVS. The survey presents the range of per-room costs associated with various components of hotel development, including improvements, furniture, and equipment; pre-opening expenses; and operating capital. Statistics are compiled for budget hotels, midscale hotels with and without food and beverage, extended-stay hotels, full-service hotels, and luxury hotels and

resorts. The results of the development cost survey are presented in the following table.

**FIGURE 8-1 HOTEL DEVELOPMENT COST SURVEY (AMOUNTS PER ROOM)**

	Land	Building & Site Improvements	Soft Costs	FF&E	Pre-Opening & Working Capital	Developer Fee	Total
<b>Limited-Service Hotels</b>							
Average	\$14,168	\$96,154	\$14,439	\$14,968	\$2,938	\$4,243	\$146,910
Median	\$9,787	\$91,024	\$10,750	\$13,574	\$2,153	\$4,465	\$131,752
% of Total*	10%	68%	10%	10%	2%	1%	100%
<b>Extended-Stay Hotels (Midscale)</b>							
Average	\$20,686	\$95,735	\$16,794	\$14,414	\$2,889	\$3,984	\$154,502
Median	\$16,822	\$80,719	\$12,662	\$14,414	\$2,737	\$3,721	\$131,076
% of Total*	14%	63%	11%	9%	2%	2%	100%
<b>Extended-Stay Hotels (Upscale)</b>							
Average	\$17,377	\$129,130	\$28,200	\$19,932	\$4,640	\$6,699	\$205,979
Median	\$14,593	\$125,090	\$21,366	\$20,320	\$3,040	\$7,212	\$191,620
% of Total*	8%	64%	14%	10%	2%	2%	100%
<b>Select-Service Hotels</b>							
Average	\$25,354	\$152,378	\$29,792	\$22,659	\$8,004	\$7,051	\$245,238
Median	\$19,642	\$129,429	\$27,605	\$23,148	\$7,212	\$6,818	\$213,854
% of Total*	9%	64%	12%	10%	3%	2%	100%
<b>Dual-Branded Hotels</b>							
Average	\$20,950	\$181,786	\$25,041	\$26,189	\$5,512	\$9,824	\$269,302
Median	\$11,486	\$138,384	\$23,066	\$23,221	\$4,500	\$8,502	\$209,158
% of Total*	8%	68%	9%	10%	2%	3%	100%
<b>Full-Service Hotels</b>							
Average	\$51,397	\$291,937	\$64,437	\$38,097	\$16,494	\$14,696	\$477,058
Median	\$28,090	\$220,976	\$51,134	\$32,584	\$13,596	\$14,792	\$361,172
% of Total*	7%	66%	13%	8%	3%	2%	100%
<b>Luxury Hotels</b>							
Average	\$81,329	\$497,468	\$129,875	\$52,459	\$26,333	\$17,546	\$805,010
Median	\$47,508	\$482,319	\$94,194	\$45,900	\$21,868	\$20,490	\$712,279
% of Total*	10%	63%	16%	7%	3%	2%	100%
<b>Redevelopment Projects</b>							
Average	\$45,302	\$195,436	\$49,860	\$31,468	\$10,787	\$15,878	\$348,731
Median	\$22,165	\$145,020	\$33,862	\$23,046	\$7,166	\$13,208	\$244,467
% of Total*	13%	58%	15%	9%	3%	3%	100%
<b>Total</b>							
Average	\$34,509	\$201,739	\$44,512	\$27,672	\$10,285	\$11,094	\$329,810
Median	\$15,101	\$116,792	\$21,254	\$19,551	\$3,103	\$813	\$176,613
% of Total*	9%	64%	14%	9%	3%	2%	100%

Source: HVS

\*The percentage of total is calculated based on the total sample of all budgets.

In addition to the survey data, we have also reviewed a selection of cost budgets from developers of comparable proposed hotels, as illustrated in the following table.

**FIGURE 8-2 COMPARABLE COST BUDGETS**

Item	Comp #1		Comp #2		Comp #3		Comp #4	
	Primary, CA		Primary, CA		Secondary, CA		Primary, CA	
	Full-Service		Full-Service		Full-Service		Full-Service	
	Approx. 180 Rooms		Approx. 210 Rooms		Approx. 150 Rooms		Approx. 170 Rooms	
	Per Room	% of Total	Per Room	% of Total	Per Room	% of Total	Per Room	% of Total
Building	\$280,160	69.3 %	\$270,987	68.2 %	\$267,715	73.5 %	\$170,952	67.1 %
Soft Costs	78,968	19.5	77,799	19.6	30,298	8.3	15,087	5.9
Furniture, Fixtures, & Equipment	32,584	8.1	22,262	5.6	44,371	12.2	54,291	21.3
Pre-Opening Costs & Working Capital	6,921	1.7	11,415	2.9	11,921	3.3	14,535	5.7
Total (Excluding Site Cost)	\$404,137	93.5 %	\$397,231	87.5 %	\$364,238	92.8 %	\$254,865	68.0 %
Site Cost	\$28,090	6.5 %	\$56,752	12.5 %	\$28,146	7.2 %	\$119,767	32.0 %
Total (Including Site Cost)	<b>\$432,227</b>	<b>100.0 %</b>	<b>\$453,983</b>	<b>100.0 %</b>	<b>\$392,384</b>	<b>100.0 %</b>	<b>\$374,633</b>	<b>100.0 %</b>

### Building and Site Improvements

Building and site improvements include all buildings and other relatively permanent structures located on, or attached to, the subject parcel. The cost of the improvements includes costs of materials, fees, and labor to construct the subject property's improvements. We estimate the development cost of the proposed subject property's improvements to be roughly \$270,000 per room, or a total of \$48,600,000.

### Furniture, Fixtures and Equipment

Furniture, fixtures, and equipment (FF&E) include all non-permanent, removable items at the subject property, such as guestroom furnishings, kitchen equipment, and items of décor. The cost of the FF&E, along with all fees associated with the installation of such items, comprise the total cost of FF&E. Based on our understanding of the expected quality of furnishings, we have estimate the development cost of the proposed subject property's FF&E (as if new) at approximately \$38,000 per room, or a total of \$6,840,000.

### Pre-Opening and Working Capital Costs

Pre-opening costs include expenses such as marketing, staffing, training, and administrative expenditures. Working capital includes a working capital reserve to maintain adequate cash flow until the operation reaches a break-even point. We estimate the pre-opening costs for the proposed subject property to be roughly \$12,000 per room, or a total of \$2,160,000.

### Soft Costs

Soft costs include items other than labor and material that are necessary for construction but are not typically part of the construction contract. Soft costs can include professional fees, financing costs and the interest paid on construction

loans, taxes and the builder's or developer's all-risk insurance during construction, marketing, sales, and lease-up costs incurred to achieve occupancy or sales. We estimate the amount of soft costs for the proposed subject property to be approximately \$55,000 per room, or a total of \$9,900,000.

#### Developer's Fee

The developer's fee represents a recovery of costs to the project developer, including salaries, travel, administrative costs, and other expenses related to coordinating the development. It is separate from a developer's anticipated profit or entrepreneurial incentive. The developer's fee is typically dependent upon the complexity of project coordination and the length of the development timeline. In the case of relatively simple projects in markets with low barriers to entry, a developer's fee may not be considered, whereas complicated projects in high-barrier-to-entry markets may incur more substantial costs for coordination and administration during an extended planning and construction period. In some cases, the developer's administrative costs are included within other line items, rather than allocated to an individual developer's fee line item.

#### Cost Summary

Based on the preceding analysis, we estimate the development cost of the proposed subject property as follows.

**FIGURE 8-3 COST SUMMARY**

Item	Cost per Room	Cost
Building	\$270,000	\$48,600,000
Soft Costs	55,000	9,900,000
Furniture, Fixtures, & Equipment	38,000	6,840,000
Pre-Opening Costs & Working Capital	12,000	2,160,000
Developer Fee (if Applicable)	8,400	1,512,000
<b>Total Replacement Cost</b>	<b>\$383,400</b>	<b>\$69,012,000</b>

The following table presents a comparison of this budget to the comparable cost budgets presented previously.



**FIGURE 8-4 SUBJECT COST VS COMPARABLE BUDGETS**

Item	Minimum		Maximum		Average		Subject Property	
	Per Room	% of Total	Per Room	% of Total	Per Room	% of Total	Per Room	% of Total
Building	\$170,952	67.1 %	\$280,160	73.5 %	\$247,454	69.5 %	\$270,000	65.7 %
Soft Costs	15,087	5.9	78,968	19.6	50,538	13.3	55,000	13.4
Furniture, Fixtures, & Equipment	22,262	5.6	54,291	21.3	38,377	11.8	38,000	9.2
Pre-Opening Costs & Working Capital	6,921	1.7	14,535	5.7	11,198	3.4	12,000	2.9
Total (Excluding Site Cost)	\$254,865		\$404,137		\$355,118		\$383,400	93.2 %
Site Cost	\$28,090	6.5 %	\$119,767	32.0 %	58,189	14.5 %	\$27,778	6.8 %
<b>Total (Including Site Cost)</b>	<b>\$282,955</b>		<b>\$523,904</b>		<b>\$413,307</b>		<b>\$411,178</b>	<b>100.0 %</b>

**Land Allocation**

A portion of the overall development cost includes the cost of the land. The range of per-room land cost was illustrated in the previously presented cost-survey data; land cost typically ranges from 5% to 20% of overall development cost but may be substantially higher for premium locations in markets with high barriers to entry.

For the purposes of this study, we have assumed land allocation of \$5,000,000 , or approximately 10% of the hotel's estimated value at opening.

**Conclusion**

In the estimation of development cost for the proposed improvements, the costs of several components of the total property were quantified. The development cost was estimated based on a hotel development cost survey conducted by HVS. The following table summarizes our estimate of the total cost to develop the proposed subject property.

**FIGURE 8-5 RECAP OF TOTAL COST ESTIMATE**

Item	Cost per Room	Cost
Building	\$270,000	\$48,600,000
Soft Costs	55,000	9,900,000
Furniture, Fixtures, & Equipment	38,000	6,840,000
Pre-Opening Costs & Working Capital	12,000	2,160,000
Developer Fee (if Applicable)	8,400	1,512,000
Land Allocation	27,778	5,000,000
<b>Total Cost New Estimate</b>	<b>\$411,178</b>	<b>\$74,012,000</b>
<b>Total Cost New Estimate (Rounded)</b>	<b>\$411,000</b>	<b>\$74,000,000</b>

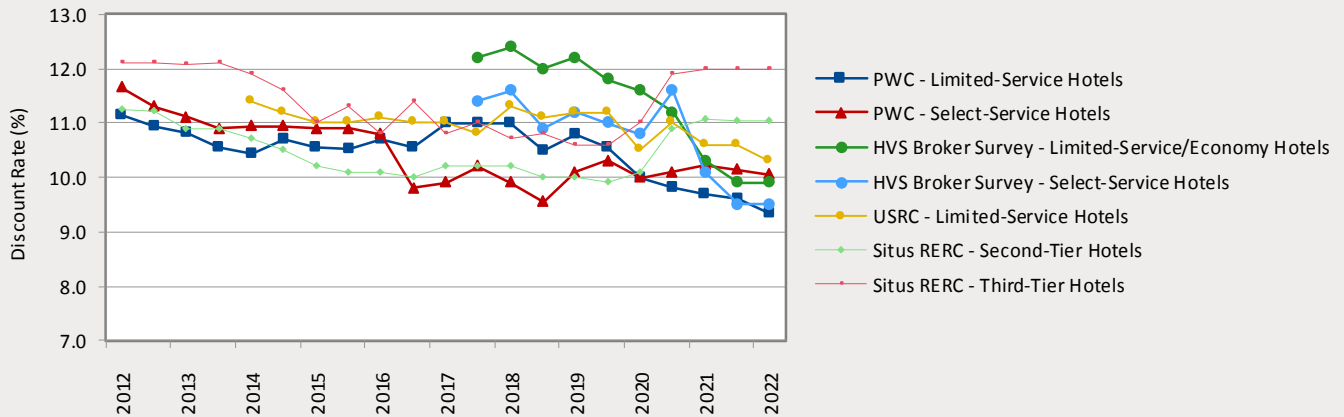
This estimate has been rounded to \$74,000,000 .

## Discounted Cash Flow Analysis

The process of converting the projected income stream into an estimate of value via the DCF method is described as follows.

1. An appropriate discount rate is selected to apply to the projected net income before debt service. This rate reflects the "free and clear" internal rate of return to an all-cash purchaser or a blended rate of debt and equity return requirements. The discount rate takes into consideration the degree of perceived risk, anticipated income growth, market attitudes, and rates of return on other investment alternatives, as well as the availability and cost of financing. The discount rate is chosen by reviewing sales transactions and investor surveys and interviewing market participants.
2. A reversionary value reflecting the sales price of the property at the end of the ten-year holding period is calculated by capitalizing the eleventh-year net income by the terminal capitalization rate and deducting typical brokerage and legal fees.
3. Each year's forecasted net income before debt service and depreciation and the reversionary sales proceeds at the end of the ten-year holding period are converted to a present value by multiplying the cash flow by the chosen discount rate for that year in the forecast. The sum of the discounted cash flows equates to the value of the subject property.

The following chart summarizes the averages presented for discount rates in various investor surveys during the past decade.

**FIGURE 8-1 HISTORICAL TRENDS OF DISCOUNT RATES**

**FIGURE 8-2 OVERALL DISCOUNT RATES DERIVED FROM SALES AND INVESTOR SURVEYS**

Source	Pre-COVID		Current	
	Data Point Range	Average	Data Point Range	Average
HVS Hotel Sales - Full-Service & Luxury	8% - 11.6%	9.8%	7.6% - 11.9%	9.5%
HVS Hotel Sales - Select-Service & Extended-Stay	7.6% - 12.7%	10.8%	7.6% - 12.7%	10.5%
HVS Hotel Sales - Limited-Service	9.5% - 13.9%	11.5%	10% - 12.8%	11.2%
<i>HVS Brokers Survey</i>	<i>Fall 2019 Survey</i>		<i>Fall 2021 Survey</i>	
Select-Service Hotels	8.0% - 18.0%	10.8%	5.0% - 12.0%	9.5%
Limited-Service & Economy Hotels	9.0% - 20.0%	11.6%	5.0% - 13.0%	9.9%
<i>PWC Real Estate Investor Survey</i>	<i>1st Quarter 2020 Survey</i>		<i>1st Quarter 2022 Survey</i>	
Select-Service Hotels	8.0% - 12.0%	10.0%	8.0% - 12.0%	10.1%
Limited-Service Hotels	7.5% - 12.0%	10.0%	7.0% - 11.0%	9.4%
<i>USRC Hotel Investment Survey</i>	<i>Winter 2020 Survey</i>		<i>Winter 2022 Survey</i>	
Limited-Service Hotels	7.5% - 11.0%	10.5%	9.5% - 11.0%	10.3%
<i>Situs RERC Real Estate Report</i>	<i>1st Quarter 2020 Report</i>		<i>4th Quarter 2021 Report</i>	
Second Tier Hotels	6.5% - 13.5%	10.1%	9.5% - 15.5%	11.0%
Third Tier Hotels	9.5% - 13.5%	11.0%	10.0% - 18.0%	12.0%

We note that the averages illustrated in the previous table are derived from wide arrays of data points, and a range of reasonableness extends both lower and higher

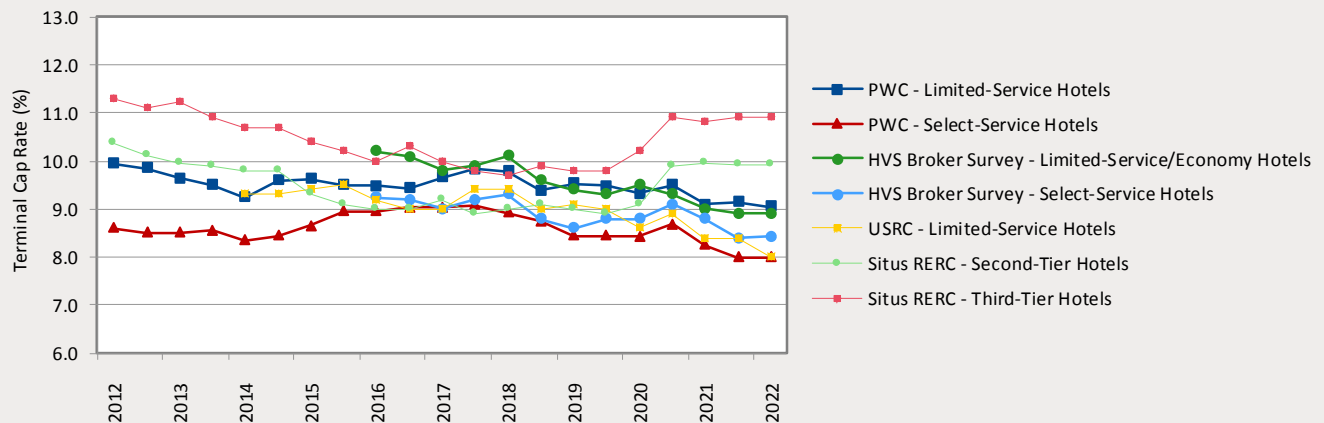
than the indicated data points. Based on our review of these surveys and sales transactions (see total property yields shown in the table titled *Sample of Hotels Sold*), as well as our interviews of market participants, we have selected a discount rate of 10.00% for our analysis.

### Terminal Capitalization Rate

Inherent in this valuation process is the assumption of a sale at the end of the ten-year holding period. The estimated reversionary sale price as of that date is calculated by capitalizing the projected eleventh-year net income by an overall terminal capitalization rate. An allocation for the selling expenses is deducted from this sale price, and the net proceeds to the equity interest (also known as the equity residual) are calculated by deducting the outstanding mortgage balance from the reversion.

We have reviewed several recent investor surveys. The following chart summarizes the averages presented for terminal capitalization rates in various investor surveys during the past decade.

**FIGURE 8-3 HISTORICAL TRENDS OF TERMINAL CAPITALIZATION RATES**



**FIGURE 8-4 TERMINAL CAPITALIZATION RATES DERIVED FROM INVESTOR SURVEYS**

Source	Pre-COVID		Current	
	Data Point Range	Average	Data Point Range	Average
<i>HVS Brokers Survey</i>	<i>Fall 2019 Survey</i>		<i>Fall 2021 Survey</i>	
Select-Service Hotels	7.5% - 12.0%	8.8%	6.5% - 10.0%	8.4%
Limited-Service & Economy Hotels	7.5% - 12.0%	9.5%	8.0% - 10.5%	8.9%
<i>PWC Real Estate Investor Survey</i>	<i>1st Quarter 2020 Survey</i>		<i>1st Quarter 2022 Survey</i>	
Select-Service Hotels	7.0% - 10.0%	8.4%	8.0% - 12.0%	8.0%
Limited-Service Hotels	7.75% - 12.0%	9.3%	7.0% - 11.0%	9.1%
<i>USRC Hotel Investment Survey</i>	<i>Winter 2020 Survey</i>		<i>Winter 2022 Survey</i>	
Limited-Service Hotels	6.5% - 9.3%	8.6%	7.0% - 9.2%	8.0%
<i>Situs RERC Real Estate Report</i>	<i>1st Quarter 2020 Report</i>		<i>4th Quarter 2021 Report</i>	
Second Tier Hotels	7.3% - 11.5%	9.1%	7.3% - 13.0%	9.9%
Third Tier Hotels	8.0% - 12.0%	10.2%	9.0% - 15.0%	10.9%

Furthermore, we have reviewed regional capitalization rates presented in the following table.

**FIGURE 8-5 REGIONAL TERMINAL CAPITALIZATION RATES**

Property	Location	Year Open	Date of Sale	Sale Price	Number of Rooms	Price Per Room	Cap Rate
Courtyard by Marriott San Diego Old Town	San Diego, CA	1987	Dec-21	\$44,164,000	176	\$250,932	8.1 %
Estancia La Jolla Hotel and Spa	San Diego, CA	2004	Dec-21	108,000,000	210	514,286	6.2
Hotel La Jolla Curio Collection by Hilton	La Jolla, CA	1972	Sep-21	43,000,000	110	390,909	5.7
Hotel Palomar San Diego	San Diego, CA	2009	Feb-20	82,054,394	211	388,883	6.8
Ace Hotel Los Angeles	Los Angeles, CA	2014	Nov-19	114,150,000	182	627,198	5.4
Irvine Marriott	Irvine, CA	1983	Jul-19	172,000,000	496	346,774	7.2
San Diego Marriott Mission Valley	San Diego, CA	1988	Mar-19	85,700,000	353	242,776	8.2
Marriott Warner Center Woodland Hills	Woodland Hills, CA	1986	Oct-18	102,601,500	475	216,003	6.0
Hilton Los Angeles Culver City	Culver City, CA	1972	Jul-18	151,500,000	375	404,000	5.8
Holiday Inn Ontario Airport	Ontario, CA	2008	Mar-18	31,750,000	180	176,389	8.2
<i>Average</i>							<b>6.8 %</b>

For purposes of this analysis, we have applied a terminal capitalization rate of 7.75%.

Utilizing the discount rate and terminal capitalization rate set forth, the DCF procedure is summarized as follows. Due to the subject property's California location and the higher property tax implications upon the sale at the end of the

hold, the terminal capitalization rate is loaded with the tax rate and is applied to the NOI estimate prior to property taxes.

**FIGURE 8-6 “WHEN COMPLETE” DISCOUNTED CASH FLOW ANALYSIS**

Stabilized Year	3				
Discount Rate	10.0 %				
Loaded Terminal Cap	8.9				
Transaction Costs	3.0				
Year	Net Income, Before Taxes	Property Taxes	Net Income, After Taxes	Discount Factor 10.0	Discounted Cash Flow
2025	\$3,444,458	\$567,347	\$2,877,112	0.90909	\$2,615,556
2026	4,094,324	578,693	3,515,630	0.82645	2,905,479
2027	4,633,627	590,267	4,043,360	0.75131	3,037,836
2028	4,773,028	602,073	4,170,955	0.68301	2,848,819
2029	4,916,156	614,114	4,302,042	0.62092	2,671,230
2030	5,063,649	626,396	4,437,252	0.56447	2,504,713
2031	5,215,558	638,924	4,576,634	0.51316	2,348,537
2032	5,372,025	651,703	4,720,322	0.46651	2,202,065
2033	5,533,186	664,737	4,868,449	0.42410	2,064,698
2034	5,699,181	678,032	69,076,632 *	0.38554	26,632,032
<b>Estimated Market Value</b>					\$49,830,965
(SAY)					\$49,800,000
Per Room					280,000
<b>Reversion Analysis</b>					
11th Year's EBITDA Less Reserves (not					\$5,870,157
Capitalization Rate (loaded with tax rate)					8.9%
Total Sales Proceeds					\$66,036,580
Less: Transaction Costs @ 3.0%					1,981,097
Net Sales Proceeds (Say)					64,055,482

*\*10th year NOI after taxes, plus the reversionary value.*

**FIGURE 8-7 “WHEN STABILIZED” DISCOUNTED CASH FLOW**

Stabilized Year	3				
Discount Rate	10.0 %				
Loaded Terminal Cap	8.9				
Transaction Costs	3.0				
Year	Net Income, Before Taxes	Property Taxes	Net Income, After Taxes	Discount Factor 10.0	Discounted Cash Flow
2027	\$4,633,627	\$615,195	\$4,018,432	0.90909	\$3,653,120
2028	4,772,636	627,499	4,145,137	0.82645	3,425,733
2029	4,915,815	640,049	4,275,766	0.75131	3,212,446
2030	5,063,290	652,850	4,410,440	0.68301	3,012,390
2031	5,215,188	665,907	4,549,281	0.62092	2,824,746
2032	5,371,644	679,225	4,692,419	0.56447	2,648,748
2033	5,532,793	692,809	4,839,984	0.51316	2,483,677
2034	5,698,777	706,666	4,992,111	0.46651	2,328,857
2035	5,869,740	720,799	5,148,941	0.42410	2,183,654
2036	6,045,833	735,215	73,262,259 *	0.38554	28,245,772
<b>Estimated Market Value</b>					\$54,019,143
(SAY)					\$54,000,000
Per Room					300,000
<b>Reversion Analysis</b>					
11th Year's EBITDA Less Reserves (not including)					\$6,227,208
Capitalization Rate (loaded with tax rate)					8.9%
Total Sales Proceeds					\$70,053,239
Less: Transaction Costs @ 3.0%					2,101,597
Net Sales Proceeds (Say)					67,951,641

\*10th year NOI after taxes, plus the reversionary value.

## Conclusion

In determining the potential feasibility of the Proposed Murrieta Hotel, we analyzed the lodging market, researched the area's economics, reviewed the estimated development cost, and prepared a ten-year forecast of income and expense, which was based on our review of the current and historical market conditions, as well as comparable income and expense statements.

Based on our market analysis, there is not sufficient market support for the development of a full-service hotel in Murrieta at present. Based on the current market-appropriate discount rate and terminal capitalization rate, the present value of the cash flows at opening is \$49,800,000. In order for the development of a



proposed full-service hotel to be feasible, the all-in development costs for the project should remain below this amount.

The analysis is based on the extraordinary assumption that the described improvements have been completed as of the stated date of opening. The reader should understand that the completed subject property does not yet exist as of the date of this report. Our feasibility study does not address unforeseeable events that could alter the proposed project, and/or the market conditions reflected in the analyses; we assume that no significant changes, other than those anticipated and explained in this report, shall take place between the date of inspection and stated date of opening. The use of this extraordinary assumption may have affected the assignment results. We have made no other extraordinary assumptions specific to this feasibility study. However, several important general assumptions have been made that apply to this feasibility study and our studies of proposed hotels in general. These aspects are set forth in the Assumptions and Limiting Conditions chapter of this report.

## 9. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a feasibility study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject site.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease because of market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed based upon information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.
18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of value or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.

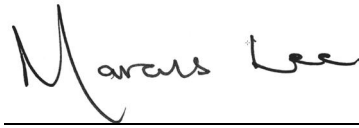
20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.

## 10. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result or direction in performance that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this study;
7. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
8. Luigi Major, MAI, and Marcus R. Lee personally inspected the property described in this report;
9. both Luigi Major, MAI, and Marcus Lee have performed one feasibility study on the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
10. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;
11. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and

12. as of the date of this report, Luigi Major, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.



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Marcus R. Lee  
Director  
TS Worldwide, LLC  
State Appraiser License (CA) 3006899



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Luigi Major, MAI  
Managing Director  
TS Worldwide, LLC  
State Appraiser License (CA) 3005056

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## Marcus R. Lee

### EMPLOYMENT

<i>Nov 2016 to present</i>	HVS CONSULTING AND VALUATION SERVICES Los Angeles, California
<i>Jan – Oct 2016</i>	THE JEFFERSON HOTEL Washington, D.C.
<i>Sept 2014 – Jan 2016</i>	CAPELLA WASHINGTON D.C., GEORGETOWN Washington, D.C.
<i>2014</i>	THE RITZ-CARLTON GEORGETOWN Washington, D.C.
<i>2013</i>	FOUR SEASONS WASHINGTON DC Washington, D.C.
<i>2013</i>	INTERNATIONAL MONETARY FUND Washington, D.C.
<i>2012</i>	OFFICE OF U.S. CONGRESSMAN BLAINE LUETKEMEYER Washington, D.C.
<i>2012</i>	THE CENTER FOR SOCIO-ECONOMIC DEVELOPMENT Geneva, Switzerland

### EDUCATION AND OTHER TRAINING

BA – Frederick S. Pardee School of Global Studies, Boston University  
MS (Hospitality and Tourism) – School of Business, The George Washington University

*Other Specialized Training Classes Completed:*

Basic Appraisal Principles – 30 hours  
Basic Appraisal Procedures – 30 hours  
Uniform Standards of Professional Appraisal Practice (USPAP) – 15 hours  
General Appraiser Income Approach (Parts I and II) – 60 hours  
General Appraiser Market Analysis and HBU – 30 hours  
General Appraiser Site Valuation and Cost Approach – 30 hours  
General Appraiser Sales Comparison Approach – 30 hours  
Real Estate Finance, Statistics, Valuation Modeling – 15 hours



**EDUCATION  
(CONTINUED)**

General Appraiser Report Writing and Case Studies – 30 hours  
 Appraisal Electives – 20 hours  
 CA Supervisor/Trainee – 4 hours  
 CA Law – 2 hours  
 Expert Witness for Commercial Appraisers – 15 hours

**STATE CERTIFICATIONS**

California

**PUBLISHED ARTICLES**

<i>HVS Journal</i>	"COVID-19's Impact on the San Diego Lodging Market," November 2020
<i>HVS Journal</i>	"HVS Market Pulse: San Diego, CA," March 2019
<i>HVS Journal</i>	"Market Pulse: Orange County Beaches, CA," September 2018
<i>HVS Journal</i>	"Market Pulse: Annapolis, MD," co-authored with Chelsey Leffet, April 2018
<i>HVS Journal</i>	"HVS Market Pulse: Richmond, VA," July 2017
<i>Handbook of Research on Global Hospitality and Tourism Management</i>	"Lesotho, a tourism destination: An analysis of Lesotho's current tourism products and potential for growth." Angelo A. Camillo (editor), IGI Global Publ., Hershey, PA, 2015

**EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED****PORTFOLIO WORK**

7 Motel 6 Properties, Southern California  
 10 Extended Stay America Hotels, Southern California

**ARIZONA**

Hampton Inn Phoenix Chandler, Chandler  
 Proposed Hotel near Gilbert Heritage District, Gilbert  
 Hotel San Carlos, Phoenix  
 Proposed Hampton Inn at Metro Center, Phoenix  
 Proposed Hotel Phoenix, Phoenix  
 Proposed La Quinta Inn & Suites McDowell Road, Phoenix  
 Red Roof Inn Phoenix Bell Road, Phoenix  
 Holiday Inn Hotel & Suites Scottsdale North Airpark, Scottsdale  
 Proposed Ceasars Hotel at Scottsdale Fashion Square, Scottsdale

**ARKANSAS**

Residence Inn by Marriott Little Rock Downtown, Little Rock

**CALIFORNIA**

Proposed Hotel Adelanto, Adelanto  
 Courtyard by Marriott Thousand Oaks Agoura Hills, Agoura Hills  
 Candlewood Suites Anaheim - Resort Area, Anaheim  
 Embassy Suites by Hilton Anaheim North, Anaheim  
 Holiday Inn & Suites Anaheim (1 Blk/Disneyland), Anaheim  
 Holiday Inn Anaheim Disneyland, Anaheim

Embassy Suites Arcadia Pasadena, Arcadia  
 Proposed Hilton at The Source, Buena Park  
 Carmel Resort Inn, Carmel  
 DoubleTree by Hilton Golf Resort Palm Springs Area, Cathedral City  
 Proposed The GlenRoy, Coachella  
 Residence Inn San Diego Chula Vista, Chula Vista  
 Proposed Everhome Suites, Corona  
 SpringHill Suites by Marriott Corona Riverside, Corona  
 Courtyard by Marriott Los Angeles Westside, Culver City  
 DoubleTree Suites by Hilton Hotel Doheny Beach Dana Point, Dana Point  
 Proposed Hilton Garden Inn UC Davis, Davis  
 Courtyard by Marriott San Diego El Cajon, El Cajon  
 Yosemite Cedar Lodge, El Portal  
 Yosemite View Lodge, El Portal  
 Embassy Suites by Hilton Anaheim South, Garden Grove  
 Hampton Inn & Suites Los Angeles Glendale, Glendale  
 Proposed Caption by Hyatt, Hollywood  
 Paséa Hotel & Spa, Huntington Beach  
 Miramonte Indian Wells Resort & Spa  
 Curio Collection by Hilton, Indian Wells  
 Pacific Edge Hotel, Laguna Beach  
 Proposed Hotel Lathrop Towne Centre, Lathrop  
 Hilton Garden Inn Lompoc, Lompoc  
 Proposed Breakers Hotel Long Beach, Long Beach  
 Residence Inn by Marriott Cypress Los Alamitos, Los Alamitos  
 Marriott Los Angeles Airport, Los Angeles  
 Proposed Found Santa Monica, Los Angeles  
 Proposed Spring Street Hotel, Los Angeles

Proposed Tommie Hotel, Los Angeles  
 Proposed Unscripted Hotel, Los Angeles  
 Thompson Hollywood, Los Angeles  
 Proposed Murrieta Hotel, Murrieta  
 Proposed Hampton Inn, Needles  
 Hyatt Regency, Newport Beach  
 Proposed Oakland Hotel, Oakland  
 Proposed Cambria Hotel Ontario, Ontario  
 Embassy Suites by Hilton Palm Desert, Palm Desert  
 Holiday House, Palm Springs  
 Proposed Andaz Palm Springs, Palm Springs  
 Proposed BODE: Palm Springs, Palm Springs  
 Courtyard by Marriott, Palmdale  
 Residence Inn by Marriott, Palmdale  
 Proposed Hotel Perris, Perris  
 Proposed Hotel at The River Mall, Rancho Mirage  
 Courtyard by Marriott San Diego Downtown, San Diego  
 DoubleTree by Hilton San Diego Del Mar, San Diego  
 Holiday Inn Express San Diego Downtown, San Diego  
 Lafayette Hotel Swim Club & Bungalows, San Diego  
 The Monsaraz Inn, Tapestry Collection by Hilton, San Diego  
 Proposed Hampton Inn San Diego, San Diego  
 Proposed Hotel San Diego, San Diego  
 San Diego Marriott Del Mar, San Diego  
 SpringHill Suites by Marriott San Diego Mission Valley, San Diego  
 Proposed Home2 Suites, San Marcos  
 Crowne Plaza Los Angeles Harbor, San Pedro  
 Embassy Suites Santa Ana Orange County Airport North, Santa Ana  
 Ambrose Hotel, Santa Monica  
 Proposed Hilton Garden Inn, Simi Valley

Wine Valley Inn & Cottages Solvang,  
Solvang  
Proposed Hotel Sonora, Sonora  
Sonora Inn, Sonora  
Embassy Suites Temecula Valley Wine  
Country, Temecula  
Hotel Erwin, Venice Beach  
Pierpont Inn Ventura, Ventura  
Fairfield by Marriott Visalia Sequoia,  
Visalia  
Proposed Hyatt Place, Walnut Creek  
Holiday Inn West Covina, West Covina

#### **COLORADO**

SpringHill Suites Denver Tech Center,  
Greenwood Village  
Proposed The Pad Hostel, Silverthorne

#### **DISTRICT OF COLUMBIA**

Avery Georgetown  
Hampton Inn & Suites Washington DC  
Navy Yard

#### **GEORGIA**

Proposed Hotel, Hapeville  
Hotel Indigo Savannah Historic  
District, Savannah

#### **INDIANA**

Clarion Hotel & Conference Center,  
Indianapolis

#### **MARYLAND**

Hampton Inn & Suites  
Baltimore/Aberdeen, Aberdeen  
La Quinta Inn, Aberdeen  
Proposed Fairfield Inn & Suites,  
Aberdeen  
Proposed TownePlace Suites by  
Marriott, Belcamp  
Days Inn & Suites, Cambridge  
Super 8, Havre de Grace

Cambria Hotel & Suites, Rockville  
Holiday Inn Express, Waldorf

#### **MAINE**

Budget Traveler Motor Lodge, Presque  
Isle

#### **MISSOURI**

AC Hotels by Marriott Kansas City  
Westport, Kansas City

#### **NEW JERSEY**

Brick Motor Inn, Brick  
Ramada Inn Wayne Fairfield, Wayne  
Econo Lodge, Elmira

#### **NEW YORK**

La Quinta Inn & Suites, Batavia  
Holiday Inn Express, Grand Island  
Budget Inn, Huntington  
Crowne Plaza, Suffern

#### **OHIO**

Super 8, Coshocton  
Motel 6, Grove City  
Motel 6 Canton, North Canton

#### **PENNSYLVANIA**

Red Roof Inn, Chambersburg  
Hampton Inn, Clarion  
Comfort Inn Cranberry Township,  
Mars  
Hampton Inn Pittsburgh Monroeville,  
Monroeville  
Rodeway Inn, York

#### **TEXAS**

Proposed Autograph Collection Trinity  
Groves, Dallas

Sheraton Fort Worth Downtown Hotel,  
Fort Worth  
SpringHill Suites by Marriott Fort  
Worth University, Fort Worth  
La Quinta Inn & Suites Houston  
Magnolia, Magnolia

#### **UTAH**

Comfort Inn & Suites Salt Lake City  
Airport, Salt Lake City  
Tru by Hilton Salt Lake City Airport,  
Salt Lake City

#### **VIRGINIA**

Indian Hills Interstate Inn, Colonial  
Heights  
Proposed Hampton Inn & Suites,  
Culpeper  
SpringHill Suites by Marriott Fairfax  
Fair Oaks, Fairfax  
Candlewood Suites Richmond West  
End Short Pump, Glen Allen  
Hyatt Place Richmond Innsbrook Glen  
Allen, Glen Allen  
Hampton Inn Norfolk/Naval Base,  
Norfolk  
Hyatt House Richmond West,  
Richmond  
Hyatt Place Richmond Arboretum,  
Richmond  
Suburban Extended Stay Northwest,  
Richmond  
Hyatt House Sterling/Dulles Airport-  
North, Sterling

#### **WEST VIRGINIA**

Comfort Suites Bridgeport Clarksburg,  
Bridgeport  
Proposed Best Western, Morgantown



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Marcus R. Lee**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3006899

Effective Date: November 12, 2020

Date Expires: November 11, 2022

Loretta Dillon, Deputy Bureau Chief, BREA

3055861



# Luigi Major, MAI

## EMPLOYMENT

2007 to present

HVS CONSULTING AND VALUATION SERVICES  
Los Angeles, California

## EDUCATION AND OTHER TRAINING

BS – Hotel & Restaurant Management, University of Houston

*Other Specialized Training Classes Completed:*

Uniform Standards of Professional Appraisal Practice – 15 hours

Basic Appraisal Procedures – 30 hours

Basic Appraisal Principles – 30 hours

General Appraiser Income Approach (Parts I and II) – 60 hours

General Appraiser Sales Comparison Approach – 30 hours

General Appraiser Market Analysis and HBU – 30 hours

General Appraiser Site Valuation and Cost Approach – 30 hours

General Appraiser Report Writing and Case Studies – 30 hours

Business Practices and Ethics – 7 hours

Statistics, Modeling and Finance – 15 hours

Advanced Income Capitalization – 40 hours

Advanced Sales Comparison & Cost Approach – 40 hours

Report Writing and Valuation Analysis – 40 hours

Advanced Applications – 40 hours

Fundamentals of Separating Real, Personal Property, and Intangible Business Assets – 15 hours

General Demonstration Report Writing

The Appraiser as an Expert Witness: Preparation and Testimony – 16 hours

California Law – 4 hours

Mortgage Fraud – Protect Yourself – 7 hours

Supervisor Trainee Course for Texas – 7 hours

Appraisal of Land Subject to Ground Lease – 7 hours

Basic Hotel Appraising – 7 hours

Advanced Hotel Appraising – 7 hours

Appraisal of Land Subject to Ground Lease – 7 hours

CA Supervisor/Trainee – 4 hours

The Dirty Dozen – 3 hours

## EDUCATION (CONTINUED)

Income Approach – 7 hours  
 Small Hotel/Motel Valuation – 7 hours  
 NV Law – 3 hours  
 Basics of Expert Witness – 7 hours  
 Appraisal of Owner-Occupied Commercial Properties – 7 hours  
 CA Law – 4 hours  
 Appraisal of REO and Foreclosed Properties – 7 hours  
 Biennial USPAP Updates

## STATE CERTIFICATIONS

Arizona, California, Hawaii, Nevada, Texas

## PROFESSIONAL AFFILIATIONS

Appraisal Institute – Designated Member (MAI)

## PUBLISHED ARTICLES

<i>HVS Journal</i>	"COVID-19's Impact on the Los Angeles Hotel Market," April 2021
<i>HVS Journal</i>	"U.S. Hotel Development Cost Survey 2020," October 2020
<i>HVS Journal</i>	"Impact of COVID-19 on the Tucson Hotel Market," July 2020
<i>HVS Journal</i>	"Impact of COVID-19 on Los Angeles & Southern California Hotel Markets," April 2020
<i>HVS Journal</i>	"U.S. Hotel Development Cost Survey 2018/19," September 2019
<i>HVS Journal</i>	"Market Pulse: Los Angeles, CA," March 2019
<i>HVS Journal</i>	"HVS Hotel Development Cost Survey 2017/18," November 2018
<i>HVS Journal</i>	"Blurred Lines between Hotels and Airbnb," September 2018
<i>HVS Journal</i>	"Market Pulse: Palm Springs & Desert Cities," February 2018
<i>HVS Journal</i>	"Top 6 Hotel Success Factors," August 2017
<i>HVS Journal</i>	"In Focus: Houston, Texas," February 2016
<i>HVS Journal</i>	"Four Key Takeaways: Meet the Money 2015," co-authored with Li Chen and Susan Furbay, May 2015
<i>HVS Journal</i>	"In Focus: Houston, Texas," co-authored with Yimei Tang, July 2014
<i>HVS Journal</i>	"Effects of Major Renovations on Hotel Market Penetration and Net Present Value," February 2014

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<i>HVS Journal</i>	"HVS Market Intelligence Report 2013: Houston," June 2013
<i>HVS Journal</i>	"HVS Market Intelligence Report: Houston Hotels in 2012," April 2012
<i>HVS Journal</i>	"HVS Report: Foreign Direct Investment, Commercial Real Estate, and Hotel Development in Mexico City." Co-authored by Raul Duarte and Richard Katzman, February 2011
<i>HVS Journal</i>	"San Miguel de Allende – A Beacon for the Tourism Potential of Colonial Towns and Villages," January 2009
<i>HVS Journal</i>	"Mexico's Growing Trend: Master-Planned Resort-Residential Communities," November 2008
<i>HVS Journal</i>	"Guadalajara – Preparing for the Future," May 2008
<i>HVS Journal</i>	"HVS Market Intelligence Report: San Juan, Puerto Rico," November 2007
<i>HVS Journal</i>	"HVS Market Intelligence Report: Liberia, Costa Rica," September 2007



## EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED

### PORTFOLIO ANALYSIS

Portfolio of 6 Embassy Suites Hotels, Various Locations  
 Portfolio of 5 Proposed Hotels, Colombia  
 Ladder Capital Portfolio of 6 Hotels, Colorado and Texas  
 Ladder Capital Package of 4 Hotels, Texas  
 Portfolio of 8 Embassy Suites Hotels, Various Locations  
 Lone Star Portfolio of 38 Hyatt Hotels, Various Locations  
 Portfolio of 13 Hotels for JPMorgan Chase, Texas and New Mexico  
 Portfolio of 5 Extended-Stay Hotels throughout the South  
 Portfolio of 3 Hotels, San Diego  
 Portfolio of 2 Full-Service Hotels, Houston  
 Portfolio of 8 Marriott or Embassy Suites Hotels, California and Nevada  
 Portfolio of 2 Proposed Hotels, Mesa, Arizona  
 Portfolio of 2 Ayres Hotels, Southern California  
 Portfolio of 2 Hotels, Beverly Hills  
 Portfolio of 3 Proposed Hotels, Western U.S.  
 Portfolio of 4 Closed Full-Service Hotels  
 Portfolio of 9 Hotels for Blue Torch Capital  
 Portfolio of 2 Proposed Resorts, La Quinta, California

### ALABAMA

Hampton Inn, Birmingham  
 City Lodge, Florence  
 Holiday Inn, Hoover  
 Hampton Inn, Pell City

### ARIZONA

Home2 Suites by Hilton Phoenix Avondale, Avondale  
 Proposed EVEN Hotel Avondale, Avondale  
 Proposed Home2 Suites by Hilton, Avondale  
 Home2 Suites by Hilton Buckeye Phoenix, Buckeye  
 Proposed Dual-Branded TownePlace Suites and Fairfield Inn, Buckeye  
 Proposed Hotel, Campe Verde  
 Holiday Inn, Casa Grande  
 Proposed Limited-Service Hotel at the Promenade, Casa Grande  
 Proposed Holiday Inn Flagstaff, Flagstaff  
 Proposed Hotel near Gilbert Heritage District, Gilbert  
 Proposed SpringHill Suites by Marriott, Lake Havasu  
 Proposed Hotel near Harrah's Ak-Chin Casino, Maricopa  
 Proposed La Quinta Maricopa, Maricopa  
 Proposed Hotel, Mesa  
 Proposed Hotel near Phoenix Mesa Gateway Airport, Mesa  
 Proposed Resort Page, Page  
 Courtyard Phoenix Airport, Phoenix  
 Four Points by Sheraton Phoenix North, Phoenix  
 Proposed Dual-Brand AC/Element, Phoenix  
 Proposed Hampton Inn at Metro Center, Phoenix  
 Proposed Holiday Inn Express & Suites - Phoenix Airport North, Phoenix  
 Proposed Home2 Suites by Hilton Phoenix Airport North, Phoenix  
 Proposed Hotel at Park Central Mall, Phoenix  
 Proposed Hotel Central Station, Phoenix  
 Proposed Hyatt Place Downtown Phoenix, Phoenix

Proposed La Quinta - Banner-University Medical Center, Phoenix  
 Proposed La Quinta Inn & Suites McDowell Road, Phoenix  
 Proposed Marriott Tribute, Phoenix  
 Proposed Midtown Hotel, Phoenix  
 Proposed WoodSpring Suites Happy Valley, Phoenix  
 Ramada, Phoenix  
 Red Roof Inn Phoenix Bell Road, Phoenix  
 Residence Inn by Marriott at Mayo Clinic, Phoenix  
 Proposed Quartzsite Limited-Service Hotel, Quartzsite  
 Proposed Hotel, Queen Creek  
 Proposed Hotel, Rancho Sahuarita  
 Navajoland Inn & Suites / Saint Michaels Arizona, Saint Michaels  
 Proposed Ceasars Hotel at Scottsdale Fashion Square, Scottsdale  
 Proposed Hilton Hotel at Cavasson, Scottsdale  
 Proposed Holiday Inn, Scottsdale  
 Proposed Hyatt Place and Hyatt House Dual-Branded Hotel, Scottsdale  
 Talking Stick Resort, Scottsdale  
 Las Posadas of Sedona, Sedona  
 Aloft, Tempe  
 Comfort Suites Airport, Tempe  
 MOXY Phoenix Tempe/ASU Area, Tempe  
 Proposed Full-Service Hotel, Tempe  
 Proposed Hilton Tempe, Tempe  
 Proposed Residence Inn by Marriott, Tempe  
 Proposed Westin Tempe, Tempe  
 Proposed Best Western, Topock  
 Four Points by Sheraton Tucson Airport, Tucson  
 La Posada Lodge & Casitas Ascend Hotel Collection, Tucson  
 Proposed Graduate Hotel Tucson, Tucson  
 Proposed Hotels at the Marketplace, Tucson

Radisson Suites, Tucson  
 Sheraton Hotel & Suites Tucson,  
 Tucson  
 Westin La Paloma Resort & Spa,  
 Tucson  
 Proposed Grand Canyon Resort,  
 Tusayan  
 Grand Canyon Railway Hotel,  
 Williams

### ARKANSAS

Proposed Hotel, Fairfield Bay  
 Proposed Hotel, Hot Springs  
 La Quinta Inn & Suites, Russellville

### CALIFORNIA

Proposed Hotel Adelanto, Adelanto  
 Proposed Holiday Inn Express  
 Alameda, Alameda  
 Alhambra Inn & Suites, Alhambra  
 Fremont Inn, Alhambra  
 Proposed Hotel American Canyon,  
 American Canyon  
 Candlewood Suites Anaheim - Resort  
 Area, Anaheim  
 Four Points by Sheraton, Anaheim  
 Gaia Hotel & Spa, Anderson  
 Apple Valley Lodge, Apple Valley  
 Best Western, Bakersfield  
 Proposed Best Western Bakersfield,  
 Bakersfield  
 Proposed Staybridge Suites,  
 Bakersfield  
 Holiday Inn Express Hotel & Suites  
 Barstow Outlet Center, Barstow  
 Proposed Dual-Branded Marriott,  
 Barstow  
 Quality Inn & Suites Santa Cruz  
 Mountains Ben Lomond, Ben  
 Lomond  
 Hampton Inn & Suites Buellton/Santa  
 Ynez Valley, Buellton  
 Proposed Aloft Buena Park, Buena  
 Park  
 Proposed Hilton at the Source, Buena  
 Park  
 Proposed Stanford Hotel, Buena Park

The Hotel at the Source, Buena Park  
 Quality Inn Burbank, Burbank  
 Radisson Suites Buena Park, Buena  
 Park  
 Proposed Cabazon Glamping  
 Recreation Center, Cabazon  
 Cape Rey Carlsbad a Hilton Resort,  
 Carlsbad  
 Proposed Beach Village Hotel Day Spa  
 Condo Project, Carlsbad  
 DoubleTree by Hilton Golf Resort  
 Palm Springs Area, Cathedral City  
 Staybridge Suites Cathedral City Golf  
 Resort, Cathedral City  
 Proposed Gaylord Pacific Resort &  
 Convention Center, Chula Vista  
 Proposed The GlenRoy, Coachella  
 Motel 6 Coalinga East, Coalinga  
 Proposed Everhome Suites Corona,  
 Corona  
 Blue Lantern Inn, Dana Point  
 Proposed Boutique Hotel, Diablo  
 Grande  
 Proposed Hampton Inn, Diamond Bar  
 Proposed Select Service Hotel  
 Downey, Downey  
 Proposed Home 2 Suites by Hilton, El  
 Centro  
 Proposed Residence Inn El Centro, El  
 Centro  
 Proposed Hotel El Dorado Hills, El  
 Dorado Hills  
 Holiday Inn Express, Elk Grove  
 Proposed Candlewood Suites, Elk  
 Grove  
 Hyatt Place, Emeryville  
 Proposed Home2 Suites by Hilton,  
 Fairfield  
 La Quinta Inn & Suites, Fresno  
 San Joaquin Hotel, Fresno  
 Proposed Tapestry Collection by  
 Hilton Fullerton, Fullerton  
 Hampton Inn, Goleta  
 Holiday Inn Express, Grover Beach  
 Home2 Suites by Hilton Hanford  
 Lemoore, Hanford  
 Proposed Home2 Suites, Hanford

Proposed Dual-Branded Hotel,  
 Hawthorne  
 TownePlace Suites by Marriott Los  
 Angeles LAX Hawthorne,  
 Hawthorne  
 Proposed Hotel, Hermosa Beach  
 Godfrey Hotel Hollywood, Hollywood  
 Proposed Kokoro Wellness Resort,  
 Howard Springs  
 Paséa Hotel & Spa, Huntington Beach  
 Miramonte Indian Wells Resort & Spa  
 Curio Collection by Hilton, Indian  
 Wells  
 Irvine Marriott, Irvine  
 Holiday Inn San Diego La Mesa, La  
 Mesa  
 Best Western Laguna Brisas Spa  
 Hotel, Laguna Beach  
 Coast Inn, Laguna Beach  
 Pacific Edge Hotel, Laguna Beach  
 Seaside Laguna Inn & Suites, Laguna  
 Beach  
 Proposed Laguna Hills Hotel, Laguna  
 Hills  
 Hilton Garden Inn, Lompoc  
 Hampton Inn Long Beach Airport,  
 Long Beach  
 Proposed Breakers Hotel Long Beach,  
 Long Beach  
 Dixie Hollywood Hotel, Los Angeles  
 hClub, Los Angeles  
 InterContinental Los Angeles  
 Downtown, Los Angeles  
 Loews Hollywood, Los Angeles  
 Mr C Beverly Hills, Los Angeles  
 Proposed Found Santa Monica, Los  
 Angeles  
 Proposed Hampton Inn & Suites  
 Koreatown, Los Angeles  
 Proposed Hotel Koreatown, Los  
 Angeles  
 Proposed Hyatt Place Olive Street, Los  
 Angeles  
 Proposed Spring Street Hotel, Los  
 Angeles  
 Proposed Staybridge Suites Los  
 Angeles, Los Angeles

Proposed Tommie Hotel, Los Angeles	Proposed Dual-Branded Residence Inn & Courtyard by Marriott Orange, Orange	DoubleTree by Hilton San Diego Del Mar, San Diego
Proposed Unscripted Hotel, Los Angeles	Hampton Inn Channel Islands Harbor, Oxnard	Fairmont Grand Del Mar, San Diego
Silver Lake Pool & Inn, Los Angeles	Proposed Tru, Oxnard	Holiday Inn Express Hotel & Suites Otay Mesa, San Diego
Thompson Hollywood, Los Angeles	Ivy Palm Resort & Spa, Palm Springs	Holiday Inn Express & Suites San Diego Mission Valley, San Diego
Proposed Wellness Hotel Malibu, Malibu	Proposed Andaz Palm Springs, Palm Springs	Hotel Iris, San Diego
Proposed Hotel Mammoth Village, Mammoth Lakes	Proposed BODE: Palm Springs, Palm Springs	Hotel Palomar San Diego, San Diego
Proposed Resort Mammoth Lakes, Mammoth Lakes	Riviera Palm Springs, a Tribute Portfolio Resort, Palm Springs	Lafayette Hotel Swim Club & Bungalows, San Diego
Proposed Hampton Inn & Suites, Marina	Tova Hotel & Beach Club, Palm Springs	Marriott San Diego Del Mar, San Diego
Proposed SpringHill Suites by Marriott, Marina	Travelodge Palm Springs, Palm Springs	The Monsaraz Inn, Tapestry Collection by Hilton, San Diego
Jolly Roger Motor Hotel, Marina Del Rey	Holiday Inn Palmdale Lancaster, Palmdale	Proposed Fairfield Inn, San Diego
Proposed Menifee Hotel, Menifee	Motel 6 Paso Robles, Paso Robles	Proposed Hotel, San Diego
Best Western, Merced	Proposed Hotel Ava, Paso Robles	San Diego Marriott Del Mar, San Diego
Mountain Home Inn, Mill Valley	Proposed Patterson Hotel, Patterson	SpringHill Suites by Marriott San Diego Mission Valley, San Diego
Proposed Montebello Hotel, Montebello	Sheraton Sonoma County Petaluma, Petaluma	US Grant, San Diego
Monterey Hotel, Monterey	Motel 6, Pittsburg	Proposed Boutique Hotel San Dimas, San Dimas
Comfort Inn & Suites Temecula Wine Country, Murrieta	Proposed Courtyard by Marriott Pittsburg, Pittsburg	Holiday Inn Fisherman's Wharf San Francisco, San Francisco
Proposed Murrieta Hotel, Murrieta	Comfort Inn Near Fairplex Pomona, Pomona	Proposed Fairfield Inn & Suites by Marriott South San Francisco, South San Francisco
Best Western Elm House Inn, Napa	Comfort Inn & Suites, Rancho Cordova	San Jacinto Inn, San Jacinto
Hampton by Hilton Napa, Napa	Proposed Hampton Inn, Rancho Cucamonga	Proposed Hyatt Place, San Jose
Aloft Silicon Valley, Newark	Proposed Hotel at The River Mall, Rancho Mirage	La Cuesta Motor Inn, San Luis Obispo
TownePlace Suites by Marriott, Newark	Proposed Home2 Suites, Ridgecrest	Proposed Dual-Brand Hotel San Marcos, San Marcos
Proposed Hotel North Hollywood, North Hollywood	Proposed Roseville Hotel, Roseville	Proposed Home2 Suites, San Marcos
Proposed Select-Service Hotel, Northridge	Courtyard by Marriott Cal Expo, Sacramento	Proposed La Quinta Inn & Suites, San Pablo
Proposed Homage Oakland, Oakland	DoubleTree by Hilton, Sacramento	Proposed AC Hotel by Marriott San Rafael, San Rafael
Courtyard by Marriott Oceanside, Oceanside	Fairfield Inn Cal Expo, Sacramento	Proposed Homewood Suites, Santa Clarita
Proposed Cambria Hotel Ontario, Ontario	La Quinta Inn by Wyndham Sacramento North, Sacramento	Hampton Inn, Santa Cruz
Proposed Dual-Branded Homewood Suites by Hilton and Hampton by Hilton Ontario, Ontario	Quality Inn & Suites, Sacramento	Proposed Hampton by Hilton Santa Cruz, Santa Cruz
Proposed Element by Westin Ontario, Ontario	DoubleTree by Hilton Golf Resort, San Diego	Holiday Inn & Suites, Santa Maria
		Proper Hotel, Santa Monica
		Hotel Santa Rosa, Santa Rosa
		Proposed Residence Inn Scotts Valley, Scotts Valley

Proposed Hotel, Sonora  
 Sonora Inn, Sonora  
 Alpenrose Inn, South Lake Tahoe  
 Firelite Lodge, Tahoe Vista  
 Proposed Galway House, Temecula  
 Proposed Hampton Inn Three Rivers,  
 Three Rivers  
 Travelodge Yucca Valley, Twentynine  
 Palms  
 Embassy Suites by Hilton, Valencia  
 Hotel Erwin, Venice Beach  
 Four Points by Sheraton Ventura  
 Harbor Resort, Ventura  
 Pierpont Inn Ventura, Ventura  
 Proposed Avid Hotel Victorville,  
 Victorville  
 Marriott, Walnut Creek  
 Proposed Hyatt Place Walnut Creek,  
 Walnut Creek  
 Proposed Residence Inn Walnut  
 Creek, Walnut Creek  
 Proposed Home2 Suites by Hilton  
 Watsonville, Watsonville  
 Hampton Inn, West Covina  
 Holiday Inn West Covina, West Covina  
 Andaz West Hollywood, West  
 Hollywood  
 The Charlie Hotel, West Hollywood  
 London West Hollywood at Beverly  
 Hills, West Hollywood  
 DoubleTree by Hilton Whittier Los  
 Angeles, Whittier  
 Comfort Suites Woodland, Woodland  
 Marriott Warner Center, Woodland  
 Hills  
 Proposed Staybridge Suites  
 Woodland, Woodland

#### **COLORADO**

Proposed Gaylord Rockies Hotel &  
 Convention Center, Aurora  
 Hyatt Summerfield Suites, Broomfield  
 Best Western Academy Hotel,  
 Colorado Springs  
 Proposed EVEN Hotel Victory Ridge,  
 Colorado Springs  
 All Inn Motel, Denver

#### **DISTRICT OF COLUMBIA**

Georgetown Suites Land Valuation  
 Proposed Maison Kesh Hotel

#### **FLORIDA**

Marriott, Boca Raton  
 Proposed Dual-Branded Residence  
 Inn/SpringHill Suites by Marriott,  
 Clearwater Beach  
 Mayfair Hotel & Spa, Coconut Grove  
 Hyatt Place, Delray Beach  
 Hyatt Place at Coconut Point, Estero  
 Hyatt Place, Fort Lauderdale  
 Hilton Garden Inn, Fort Myers  
 Four Points, Ft. Walton Beach  
 Holiday Inn, Houston  
 Proposed Courtyard, Jacksonville  
 Wyndham Riverwalk, Jacksonville  
 Terrace Hotel, Lakeland  
 Proposed Holiday Inn & Suites, Miami  
 Proposed Hotel, Miami  
 Proposed Le Meridien, Miami  
 Proposed Meininger Hotel, Miami  
 Beach  
 Proposed Hilton, Miami Beach  
 The Raleigh Hotel, Miami Beach  
 Proposed SpringHill Suites by  
 Marriott, Navarre  
 Embassy Suites Orlando Lake Buena  
 Vista, Orlando  
 Holiday Inn Express Hotel & Suites  
 Orlando International Airport,  
 Orlando  
 Proposed WoodSpring Suites, Orlando  
 Proposed Comfort Inn & Suites  
 Panama City Beach, Panama City  
 Beach  
 Sheraton Suites Fort Lauderdale  
 Plantation, Plantation  
 Proposed Hotel, St. Augustine  
 SpringHill Suites by Marriott, Sarasota  
 Sawgrass Grand Hotel & Suites,  
 Sunrise  
 Hampton Inn, Tallahassee  
 Hampton Inn Veterans Expressway,  
 Tampa

#### **GEORGIA**

Proposed Curio - A Collection by  
 Hilton, Alpharetta  
 Courtyard by Marriott, Atlanta  
 Holiday Inn Atlanta Perimeter  
 Dunwoody, Atlanta  
 Proposed Radisson, College Park  
 Country Inn & Suites, Hiram  
 Candlewood Suites, Lithia Springs  
 Proposed Full-Service Tribute Hotel,  
 Macon  
 Holiday Inn Express, St. Simons Island  
 Island Inn, St. Simons Island

#### **HAWAII**

Sheraton Keauhou Bay Resort & Spa,  
 Kailua  
 Proposed Kona Village, a Rosewood  
 Resort, Kailua-Kona  
 Four Seasons Resort O'ahu at Ko  
 Olina, Kapolei

#### **IDAHO**

Proposed Hotel Boise Airport, Boise  
 Proposed Economy Extended Stay,  
 Coeur D'Alene

#### **ILLINOIS**

Proposed Extended-Stay Hotel,  
 Bolingbrook  
 Proposed Hampton Inn, Burr Ridge  
 SpringHill Suites by Marriott, Burr  
 Ridge  
 Renaissance Chicago O'Hare Suites,  
 Chicago  
 Courtyard by Marriott Chicago  
 Elmhurst Oakbrook Area, Elmhurst  
 SpringHill Suites by Marriott,  
 Elmhurst

#### **INDIANA**

Proposed Aloft, Indianapolis

#### **IOWA**

Proposed Waterpark Hotel,  
 Davenport

Proposed University of Iowa Hotel,  
Iowa City

## **KANSAS**

Crowne Plaza Kansas City Overland  
Park, Lenexa

## **LOUISIANA**

Proposed Residence Inn by Marriott,  
Bossier City

Hampton Inn, Houma

Hotel Acadiana, Lafayette

Wyndham Garden, Lafayette

Proposed Candlewood Suites,  
Leesville

Astor Crowne Plaza, New Orleans

Hilton Garden Inn French Quarter,  
New Orleans

Hyatt Regency, New Orleans

Proposed Hotel Alessandra, New  
Orleans

Troubadour Hotel New Orleans,  
Tapestry Collection by Hilton, New  
Orleans

Wyndham Chateau Bourbon, New  
Orleans

Holiday Inn, Ruston

Holiday Inn Express Hotel & Suites,  
Ruston

Proposed La Quinta Inn & Suites,  
Ruston

Nottoway Plantation Resort, White  
Castle

## **MARYLAND**

Proposed Hilton Garden Inn,  
Baltimore

Sheraton Washington North, Beltsville

Country Inn & Suites by Carlson,  
Frederick

Proposed Hotel Sorella, Rockville

## **MINNESOTA**

Loews, Minneapolis

Westin, Minneapolis

## **MISSISSIPPI**

Four Points, Biloxi

Proposed SpringHill Suites, Biloxi

South Beach Biloxi Hotel, Biloxi

Hampton Inn, Brookhaven

Magnuson Hotel Hattiesburg, North  
Hattiesburg

Jackson Downtown Convention

Center Hotel, Jackson

Staybridge Suites Ridgeland,  
Ridgeland

## **MISSOURI**

Hilton Kansas City Airport, Kansas  
City

## **MONTANA**

Proposed Hotel, Big Sky

Proposed Hotel Gardiner, Gardiner

Proposed Best Western, Shelby

Holiday Inn Express, Sidney

## **NEVADA**

Hampton Inn, Las Vegas

Proposed Delta Las Vegas, Las Vegas

Proposed Fairfield Inn & TownePlace  
Suites Dual-Branded Hotel, Las  
Vegas

Proposed Hotel Raiders Stadium, Las  
Vegas

Proposed Limited/Select-Service  
Hotel, Las Vegas

Holiday Inn Express Hotel & Suites  
Mesquite, Mesquite

The Retreat On Charleston Peak,  
Mount Charleston

Extended Stay America Reno South  
Meadows, Reno

Vegas Vacant Land, Spring Valley

## **NEW JERSEY**

Proposed Holiday Inn, Bayonne

Montreal Beach Resort, Cape May

TownePlace Suites by Marriott, Mount  
Laurel

Holiday Inn, Princeton

## **NEW MEXICO**

Proposed Home2 by Hilton

Alamogordo, Alamogordo

Proposed Downtown Hotel,  
Albuquerque

Proposed TownePlace Suites

Albuquerque, Albuquerque

Sleep Inn & Suites, Hobbs

Proposed La Quinta Inn, Los Lunas

Holiday Inn Express, Portales

Proposed Hotel, Ruidoso

Hotel Santa Fe, Santa Fe

Inn at Loretto, Santa Fe

Proposed Boutique Hotel, Santa Fe

Hampton Inn, Santa Rosa

Holiday Inn Express, Santa Rosa

La Quinta Inn, Santa Rosa

Sagebrush Inn, Taos

## **NEW YORK**

Marriott, Buffalo

Proposed Hampton Inn, Dewitt

Courtyard by Marriott New York

LaGuardia Airport, East Elmhurst

Proposed Tryp by Wyndham Long

Island City, Long Island City

Residence Inn, White Plains

Proposed Selina Woodstock,  
Woodstock

## **NORTH CAROLINA**

Proposed Fairfield Inn by Marriott,  
Maggie Valley

Courtyard by Marriott, Raleigh

## **OHIO**

Proposed Hilton, Chippewa Lake

Proposed Baldwin Hotel, Cincinnati

Holiday Inn, West Chester

Proposed Holiday Inn & Conference  
Center, West Chester

Radisson Hotel at the University of  
Toledo, Toledo

## **OKLAHOMA**

Hilton Skirvin, Oklahoma City

## **OREGON**



Hilton, Eugene

#### PENNSYLVANIA

DoubleTree by Hilton Pittsburgh  
Garden Tree, Pittsburgh

#### SOUTH CAROLINA

Proposed 5-Star Hotel, Charleston  
Proposed Marion Square Hotel,  
Charleston  
3 Palms Hotel, Myrtle Beach

#### TENNESSEE

Holiday Inn, Chattanooga  
Proposed Select-Service Hotel,  
Knoxville  
Holiday Inn Memphis Downtown  
Beale Street, Memphis  
BentoLiving Chestnut Hill, Nashville  
Proposed Dual-Brand Tru & Hampton  
Inn, Nashville

#### TEXAS

Holiday Inn Express, Allen  
Proposed 21c Hotel, Austin  
Proposed Hotel Granduca, Austin  
Proposed SpringHill Suites, Baytown  
Value Place, Beaumont  
Homewood Suites by Hilton, Bedford  
Proposed Hotel Texas A&M  
University, College Station  
Proposed Tryp by Wyndham, College  
Station  
Proposed Staybridge Suites, The  
Colony  
Fairfield Inn & Suites Houston Conroe,  
Conroe  
Candlewood Suites, Corpus Christi  
Comfort Suites Calallen, Corpus  
Christi  
Embassy Suites, Corpus Christi  
Holiday Inn Airport, Corpus Christi  
Holiday Inn Downtown, Corpus  
Christi  
Holiday Inn Express, Corpus Christi  
La Quinta Inn & Suites, Corpus Christi

Proposed Schlitterbahn Resort,  
Corpus Christi  
Staybridge Suites, Corpus Christi  
Proposed Hotel, Cypress  
Le Méridien The Stoneleigh, Dallas  
Proposed Aloft/Element Dual-  
Branded Hotel, Dallas  
Proposed Autograph Collection  
Trinity Groves, Dallas  
Proposed Courtyard/Residence Inn  
Dual-Brand Hotel, Dallas  
Proposed Residence Inn by Marriott,  
Dallas  
Proposed Residence Inn and AC by  
Marriott Dual-Branded Hotel, Dallas  
Proposed Saint Elm Hotel, Dallas  
Hilton Garden Inn Denison Sherman  
at Texoma Event Center, Denison  
Proposed Hotel, Edinburg  
Proposed Hyatt Place, Edinburg  
Proposed Artisan Hotel Conversion, El  
Paso  
Sheraton Fort Worth Downtown  
Hotel, Fort Worth  
Proposed Hilton Garden Inn, Frisco  
Westin Stonebriar, Frisco  
Sheraton Fort Worth Downtown  
Hotel, Fort Worth  
SpringHill Suites by Marriott Fort  
Worth University, Fort Worth  
Proposed Full-Service Hotel Baybrook  
Mall, Friendswood  
Courtyard by Marriott, Galveston  
Proposed Beachfront Hotel, Galveston  
Proposed Beachtown Grand Hotel,  
Galveston  
Proposed Courtyard by Marriott,  
Galveston  
Proposed Downtown Hotel, Galveston  
Proposed TownePlace Suites,  
Galveston  
TownePlace Suites by Marriott,  
Galveston  
Proposed Hotel, Georgetown  
Best Western Fountainview, Houston  
Crowne Plaza, Houston  
Crowne Plaza Suites, Houston

DoubleTree Suites by Hilton Houston  
Galleria, Houston  
DoubleTree IAH, Houston  
Four Seasons, Houston  
Hampton Inn Houston Interstate 10  
West, Houston  
Hampton Inn & Suites Houston  
Medical Center, Houston  
Hilton Garden Inn Houston Bush  
Intercontinental Airport, Houston  
Hilton Garden Inn Houston  
Northwest, Houston  
Hilton Houston North, Houston  
Hilton Houston Westchase, Houston  
Holiday Inn Southwest, Houston  
Holiday Inn Westchase, Houston  
Homewood Suites by Hilton, Houston  
Hotel Icon, Houston  
Hyatt Regency, Houston  
Intercontinental Houston Medical  
Center, Houston  
Magnolia Hotel, Houston  
Marriott Houston North Greenspoint,  
Houston  
Proposed 314 Hotel, Houston  
Proposed AC Hotel Houston  
Downtown, Houston  
Proposed Aloft, Houston  
Proposed Embassy Suites, Houston  
Proposed Hampton Inn/Homewood  
Suites Downtown, Houston  
Proposed Heights Hotel, Houston  
Proposed Holiday Inn & Conference  
Center Willowbrook, Houston  
Proposed Holiday Inn Downtown,  
Houston  
Proposed Homewood Suites by  
Hilton, Houston  
Proposed Hotel Alessandra, Houston  
Proposed Hotel Galleria, Houston  
Proposed Hotel Zaza & Apartments,  
Houston  
Proposed Hyatt Place and Hyatt  
House Dual-Brand Hotel, Houston  
Proposed Hyatt Place, Houston  
Proposed InterContinental Hotel,  
Houston

Proposed JW Marriott, Houston  
 Proposed Le Méridien, Houston  
 Proposed Lifestyle Hotel, Houston  
 Proposed Luxury Hotel Houston Galleria, Houston  
 Proposed Marriott Marquis, Houston  
 Proposed Montrose Hotel, Houston  
 Proposed Select-Service Hotel, Houston  
 Proposed SpringHill Suites, Houston  
 Proposed Triple-Branded Hotel Houston Downtown, Houston  
 Sam Houston Hotel (Curio Conversion), Houston  
 Sheraton Houston North, Houston  
 Sheraton Houston West, Houston  
 Staybridge Suites, Houston  
 Staybridge Suites Houston IAH Beltway 8, Houston  
 Staybridge Suites Houston West Energy Corridor, Houston  
 Staybridge Suites Houston Willowbrook, Houston  
 Westin Galleria, Houston  
 Westin Oaks, Houston  
 Wingate by Wyndham Houston Bush Intercontinental, Houston  
 Proposed Hotel & Conference Center, Huntsville  
 Studio 6, Ingleside  
 Proposed Westin, Irving  
 Staybridge Suites DFW Airport North, Irving  
 Wingate Las Colinas, Irving  
 Sleep Inn & Suites, Jourdanton  
 Super 8, Karnes City  
 Homewood Suites by Hilton Houston/Katy Mills Mall, Katy  
 Proposed Homewood Suites by Hilton, Katy  
 South Shore Harbour Resort & Spa, League City  
 Best Western, Luling  
 Renaissance, McAllen  
 Proposed Home2 Suites by Hilton, McKinney

Proposed SpringHill Suites by Marriott, McKinney  
 Proposed Westin, McKinney  
 Proposed Limited-Service Hotel, Melissa  
 Proposed Extended-Stay Hotel, Midland  
 Candlewood Suites, Monahans  
 La Toretta del Lago Resort & Spa, Montgomery  
 Candlewood Suites, Odessa  
 Proposed Home2 Suites by Hilton, Pasadena  
 Courtyard by Marriott Houston Pearland, Pearland  
 Proposed Pearland Hotel, Pearland  
 Proposed Fairfield Inn by Marriott, Pecos  
 TownePlace Suites by Marriott Plano, Plano  
 Holiday Inn Express Hotel & Suites, Port Aransas  
 Holiday Inn Express, Port Arthur  
 Proposed Hilton Garden Inn Porter, Porter  
 Holiday Inn Express, Rockport  
 Microtel Inn & Suites, Round Rock  
 Proposed Holiday Inn (land), San Angelo  
 Hilton San Antonio Airport, San Antonio  
 Homewood Suites by Marriott, San Antonio  
 Marriott Plaza, San Antonio  
 Microtel Inn & Suites Airport, San Antonio  
 Microtel Inn & Suites SeaWorld, San Antonio  
 Proposed Thompson Hotel, San Antonio  
 Baymont Inn & Suites, Snyder  
 Proposed Fairfield Inn by Marriott, Snyder  
 Schlitterbahn Resort, South Padre Island  
 Proposed Home2 Suites, Stafford

Marriott Hotel and Conference Center, Sugar Land  
 Proposed Red Lion Inn & Suites, Texas City  
 Baymont Inn & Suites, Victoria  
 Proposed Hotel, Webster  
 Proposed Hotel & Conference Center, Webster  
 Proposed Extended-Stay Hotel, The Woodlands  
 Woodlands Resort & Conference Center, The Woodlands

#### **UTAH**

Peery Hotel, Salt Lake City  
 Proposed Inn at St. George, St. George

#### **VIRGINIA**

Wingate Inn Dulles Airport, Chantilly  
 Proposed Staybridge Suites, Charlottesville  
 Delta Hotels, Chesapeake  
 Westin Tysons Corner, Falls Church  
 Proposed Hampton Inn, Gordonsville  
 Holiday Inn, Lynchburg  
 Magnuson Hotel & Convention Center at Oyster Point, Newport News  
 Proposed Hotel Norfolk, Norfolk  
 Holiday Inn Express & Suites Petersburg Fort Lee, Petersburg  
 TownePlace Suites by Marriott, Stafford

#### **WASHINGTON**

Proposed AC Hotel, Bellevue  
 Holiday Inn Express, Marysville  
 Proposed Homewood Suites, Richland  
 Proposed 4/C Tower Hotel, Seattle  
 Holiday Inn Express, Sumner

#### **WISCONSIN**

Holiday Inn, Milwaukee

#### **INTERNATIONAL**

##### **Colombia**

Proposed Hyatt Place, Bogota



Conrad, Cartagena  
 Proposed City Express Hotel,  
 Cartagena  
 Proposed Luxe Resort by The Charlee,  
 Guatapé  
 Proposed City Express Hotel, Medellín  
 Proposed Courtyard by Marriott,  
 Medellín  
 Proposed Marriott, Medellín  
 Proposed Hilton Garden Inn, Rionegro  
 Proposed Airport Hotel, Rionegro

#### **Costa Rica**

Proposed Andaz, Guanacaste  
 Proposed Boutique Resort,  
 Guanacaste  
 Proposed Paradisus Papagayo Bay  
 Resort & Luxury Villas, Guanacaste  
 Proposed Resort, Guanacaste  
 Punta Cacique Proposed Resort,  
 Guanacaste  
 Proposed Boutique Resort,  
 Guanacaste  
 Proposed Limited-Service Hotel,  
 Liberia  
 Proposed Wellness Boutique Hotel,  
 Matapalo  
 Marriott Los Suenos, Playa Herradura  
 Proposed Extended-Stay, San Jose  
 Proposed Hyatt Place Pinares, San  
 Jose  
 Proposed Select-Service Hotel, San  
 Jose  
 Marriott Costa Rica, San Jose  
 Proposed Hyatt Place, San Jose  
 Proposed Lifestyle Hotel & Club, San  
 Jose  
 Proposed Luxury Hotel, San Jose

#### **Dominican Republic**

Proposed Auberge Resort, El Seibo  
 Proposed Four Seasons, El Seibo

#### **El Salvador**

Proposed Full-Service Hotel, San  
 Salvador

Proposed Select-Service Hotel, San  
 Salvador

#### **Guatemala**

Proposed Four Seasons, Antigua  
 Proposed Hotel, Guatemala City

#### **Honduras**

Proposed Hotel, San Pedro Sula

#### **Mexico**

Fairmont Acapulco Princess, Acapulco  
 Fairmont Pierre Marques, Acapulco  
 Proposed Hotel, Acapulco  
 Bacalar Land Parcels, Bacalar  
 Proposed Bacalar Hotel, Bacalar  
 Cabo de Cortes Fairmont/Raffles  
 Development, Cabo San Lucas  
 Cabo San Cristobal, Cabo San Lucas  
 Proposed Luxury Hotel & Villa Project,  
 Campeche  
 Proposed Master-Planned  
 Development (2), Campeche  
 Dreams Resort, Cancun  
 Elan Resort & Spa, Cancun  
 El Pueblito, Cancun  
 Fiesta Americana Condesa Cancun,  
 Cancun  
 Le Meridien, Cancun  
 Yalmanan Resort, Cancun  
 Westin Soberano, Chihuahua  
 Proposed Quinta Real Hotel  
 Development, Culiacán  
 Proposed Banyan Tree, Ensenada  
 Proposed Boutique Hotel Project,  
 Guadalajara  
 Proposed Fiesta Inn del Tapatio,  
 Guadalajara  
 Proposed Hotel Project, Guadalajara  
 Proposed Mixed-Use Development,  
 Guadalajara  
 Proposed Vi Hotel, Guadalajara  
 Hotel Condesa, Leon, Guanajuato  
 Tesoro, Ixtapa  
 Proposed Hotel & Residential  
 Development, Ixtapan de la Sal  
 Proposed Park Hyatt, Kanai

Proposed St. Regis, Kanai  
 Proposed W Hotel, Kanai  
 Desire Resort, Los Cabos  
 Esperanza Resort, Los Cabos  
 Proposed Thompson Hotel, Los  
 Veneros  
 Tesoro Manzanillo, Manzanillo  
 Embassy Suites, Mexico City  
 Le Méridien, Mexico City  
 Proposed City Express Hotel, Mexico  
 City  
 Proposed Limited-Service Hotel,  
 Mexico City  
 Proposed Hotel & Condo, Monterrey  
 Proposed Hotel, Monterrey  
 Proposed Limited-Service Hotel, Playa  
 del Carmen  
 Proposed Resort, Playa del Carmen  
 Ceiba del Mar, Puerto Morelos  
 Paraíso de la Bonita, Puerto Morelos  
 Proposed Puerto Telchac Hotel &  
 Residential Project, Puerto Progreso  
 Presidente InterContinental, Puerto  
 Vallarta  
 Proposed City Express Hotel,  
 Queretaro  
 Proposed Capella Punta Maroma,  
 River Maya  
 Proposed Grand Hyatt, Riviera Maya  
 El Dorado Ranch Hotel & Excess Land,  
 San Felipe  
 Proposed Hotel, San Miguel de  
 Allende  
 Proposed Quinta Real Hotel &  
 Residential, San Miguel de Allende  
 Dreams Resort, Tulum  
 Secrets Capri Resort, Tulum

#### **Panama**

Proposed Boutique Hotel, Panama  
 City  
 Proposed Full-Service Hotel, Panama  
 City  
 Proposed Limited-Service Hotel,  
 Panama City

#### **Peru**

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Proposed Hyatt Place, Lima

**Puerto Rico**

Hilton, Caribe

Embassy Suites San Juan Hotel &  
Casino, Carolina

Proposed Boutique Hotel, Ponce

Proposed El Vigía Hotel and  
Residences, a Tribute Portfolio  
Resort, Ponce

Courtyard by Marriott (Expansion),  
San Juan

Proposed 1,000-Room Hotel & Casino  
San Juan, San Juan

**Saint Lucia**

Proposed Master Planned  
Development

**Spain**

Villaitana Wellness Golf & Business  
Sun Resort, Benidorm



Business, Consumer Services & Housing Agency  
**BUREAU OF REAL ESTATE APPRAISERS**  
**REAL ESTATE APPRAISER LICENSE**

**Luigi M. Major**

has successfully met the requirements for a license as a residential and commercial real estate appraiser in the State of California and is, therefore, entitled to use the title:

“Certified General Real Estate Appraiser”

This license has been issued in accordance with the provisions of the Real Estate Appraisers' Licensing and Certification Law.

BREA APPRAISER IDENTIFICATION NUMBER: 3005056

Effective Date: January 12, 2022  
Date Expires: January 11, 2024

Loretta Dillon, Deputy Bureau Chief, BREA

3061690